



# USAID TIMOR-LESTE SMALL GRANTS PROGRAM SEMI-ANNUAL REPORT

OCTOBER 2005–MARCH 2006

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



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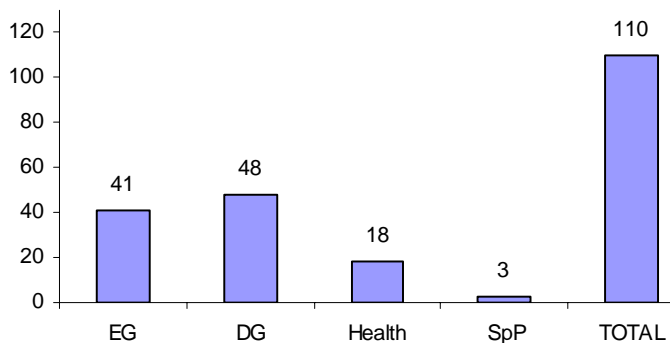
## EXECUTIVE SUMMARY

On September 29, 2004, Development Alternatives Inc. (DAI) was awarded the SWIFT II Timor-Leste Small Grants Program contract DOT-I-00-03-00004, task order 801. The contract will run from October 1, 2004 until September 30, 2006. With the introduction of a new special objective in the USAID Mission Strategy for 2005-2009, strategic objectives now include the following: (1) accelerating economic growth, (2) improving good governance practices, and special objective (3) improving the health of the people of Timor-Leste.

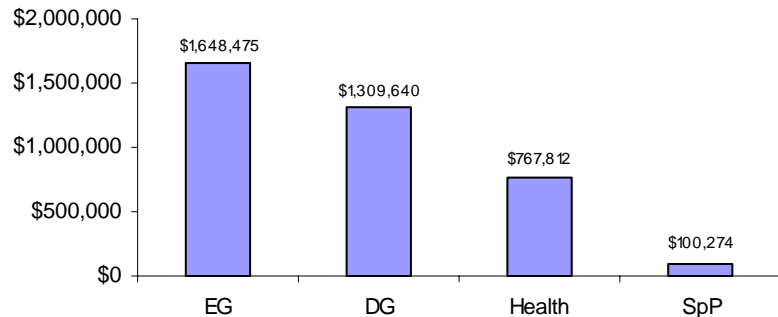
The Small Grants Program (SGP) provides small grants assistance to Timor-Leste communities, organizations, and government in their efforts to build a stable, economically robust, democratic country. DAI-SGP's in-kind grants help selected groups do their work more effectively by providing them with vital services and supplies, such as training and equipment.

DAI-SGP has awarded over \$3.8 Million in grants to 110 grantees. Charts 1a-c illustrate the distribution of grants across USAID's Strategic Objectives.

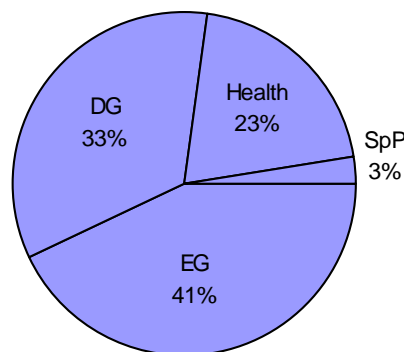
**Chart 1a: Number of Grants by Strategic Objective**  
31 March 2006



**Chart 1b: Dollar Allocations by Strategic Objective**  
31 March 2006



**Chart 1c: % Allocations by Strategic Objective**  
31 March 2006



By the end of March 2006, nearly 75% of grant funding supported economic growth (EG) and democratic governance (DG) activities. As the program has progressed, DAI-SGP has supported an increasing number EG and DG grants, while continuing to make targeted contributions to health and special projects (SpP) throughout the country.

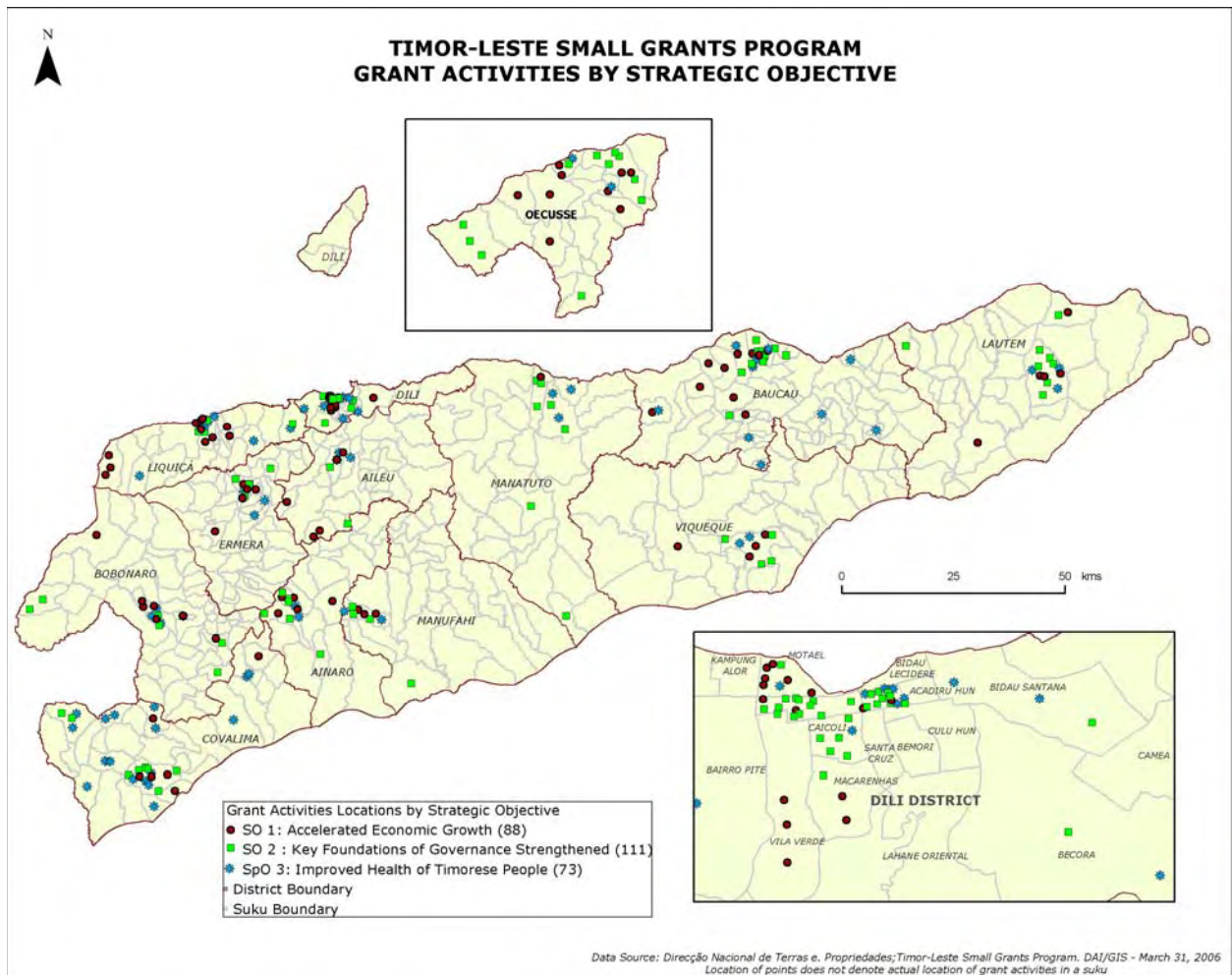
During the reporting period, USAID approved 37 small grants for a total of \$1,155,746, including \$663,182 in support of accelerated economic growth, \$357,320 in improved governance practices, \$50,716 in activities to improve the health of the people of Timor-Leste, and \$84,528 for Special Projects (SpP) that address cross-cutting activities requested by USAID.

DAI-SGP's grants have a wide geographical coverage across the country, especially in rural areas. Maps from the geographic information system programs are used throughout the report to illustrate this reach. Since the beginning of the program, DAI-SGP has managed grant activities in each district of the country, in a total of 94 villages.

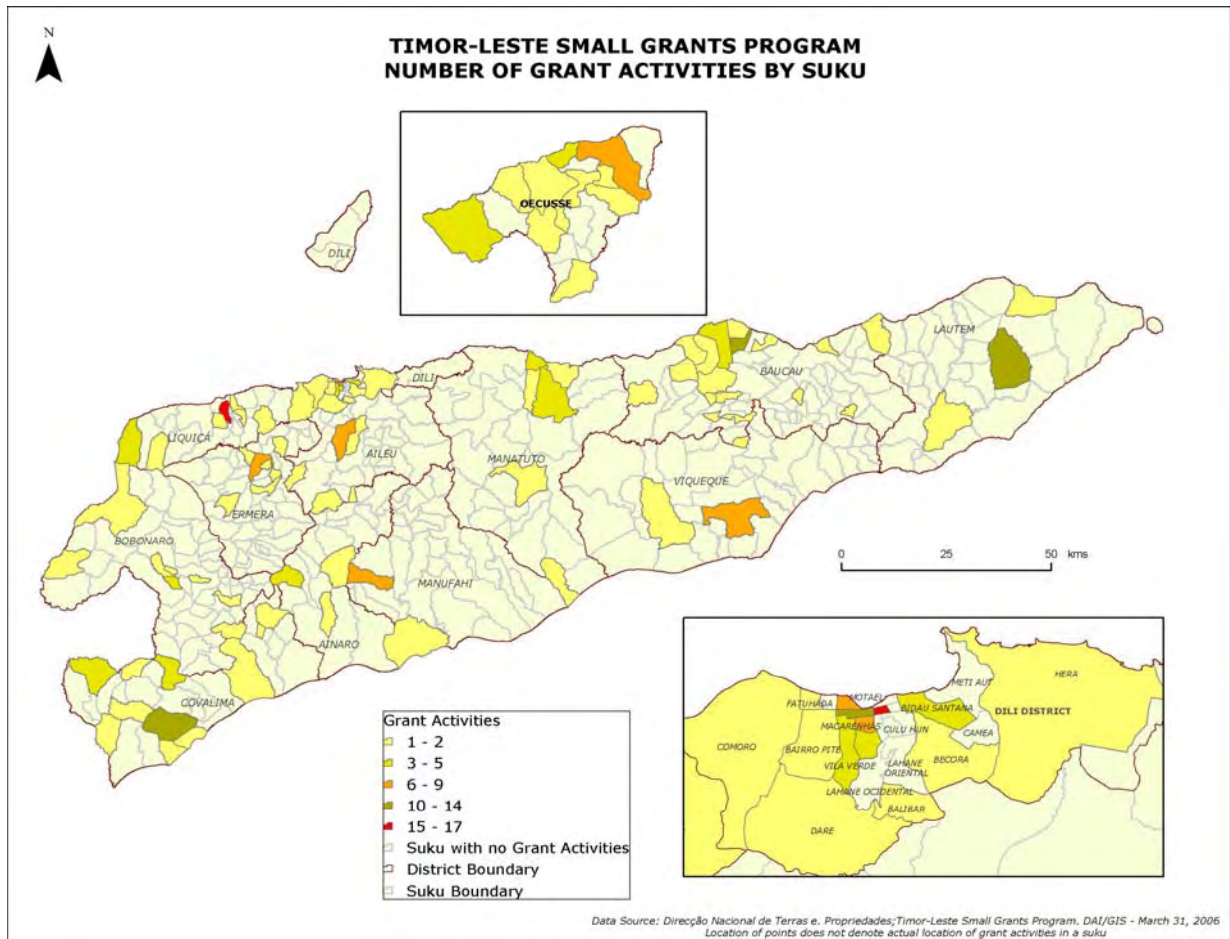
DAI-SGP continues to work with USAID to sharpen and refine the strategy for the program. Its focus for the remainder of the DAI-SGP contract will be on economic growth issues, with an emphasis on practical education and training. In recent years the Government of Timor-Leste (GoTL) and the donor community have identified the need for ensuring program impact across the development spectrum. The GoTL has also highlighted an increased emphasis on ensuring that there is follow up and reinforcement of lessons learned through formal and informal training programs. Practical training modules and continued reinforcement of lessons learned will help build more effective educational programming for the future. Teachers and students need more training in how to use their theoretical skills and apply them in their work. As a result, DAI has focused on the need for better, more practical training options through small grant activities that help address:

- the low literacy rate in the country
- the high number of unemployed youth and adults and
- the needs of rural schools and training institutions, which will be the foundation for the long-term development of the country.

**FIGURE 1: GEOGRAPHIC LOCATION OF ALL GRANT ACTIVITIES**  
**(NOTE: EACH GRANT MAY HAVE MORE THAN ONE GRANT ACTIVITY)**



**FIGURE 2: GEOGRAPHIC GRANT ACTIVITY COVERAGE**



## **PROGRAM STRATEGY AND CHANGES TO FOCUS**

In May 2005, DAI was asked to develop a number of new areas for future grant implementation in support for the Economic Growth strategic objective. Since that time, DAI has adapted its programmatic and grants management program to proactively search out partners in a specific number of strategic focus areas. DAI continues to support the same focus areas under the Democracy and Governance strategic objective. The following list shows the current focus areas:

### **SO1: ACCELERATED ECONOMIC GROWTH**

Overall, DAI-SGP focuses on livelihood security and job creation and explores potential cost-sharing and synergies with existing programs. DAI-SGP works with partners with proven experience implementing practical educational activities that help forge links to tangible employment opportunities. Emphasis on youth and women beneficiaries will help address the gap in service provision and practical opportunities for these groups.

#### **LITERACY AND NUMERACY**

DAI-SGP's goal is measurable, observable improvements in literacy and numeracy (with an emphasis on women) in targeted geographic locations.

#### **BUSINESS AND ENTREPRENEURSHIP EDUCATION**

DAI-SGP focuses on funding activities that deliver practical lessons in applied business and entrepreneurship education. DAI-SGP will evaluate proposals from established training centers as well as organizations that carry out village level training.

#### **AGRICULTURAL EDUCATION**

DAI-SGP focuses on activities that link classroom work with life after obtaining the diploma, with an emphasis on helping graduating students find a job or create one by starting a business or other income generating activity. DAI-SGP will attempt to provide direct support to the three Ministry of Agriculture, Forestry and Fisheries (MAFF) technical high schools: Fuiloro, Natarbora and Maliana.

#### **ENVIRONMENTAL EDUCATION**

DAI-SGP's goal is to increase awareness of best practices in the country about sustainable use of natural resources—water, soil, forestry, etc.

#### **MICROFINANCE**

DAI-SGP continues to provide support to selected microfinance activities with the goal of promoting the development of an environment conducive to improved and expanded microfinance service delivery. The majority of the SGP supported MFI clients are women (approximately 97% to date for a total of 3,567 women).

#### **YOUTH PILOT PROGRAMS**

DAI-SGP works with programs that identify opportunities for youth to engage in income generation activities while learning basic business skills.

## **AGRICULTURE**

DAI-SGP continues to look for activities that support the agriculture sector while attempting to link potential clients to the microfinance and formal banking sectors.

## **PRIVATE SECTOR DEVELOPMENT**

DAI-SGP works with local businesses to provide needed technical assistance and minor capital in support of activities that demonstrate significant investment by the local partner(s).

## **SO2: KEY FOUNDATIONS OF GOOD GOVERNANCE STRENGTHENED**

### **ELECTIONS AND LOCAL GOVERNMENT**

DAI-SGP continues to provide assistance to public and private organizations in support of their efforts to develop training programs aimed at village chiefs and councils. With presidential and parliamentary elections to be held in 2007, DAI-SGP will assist with preparatory work leading to these events.

### **PUBLIC INFORMATION**

DAI-SGP continues to support organizations developing activities aimed at providing high quality, objective information to the public.

### **OVERSIGHT INSTITUTIONS**

DAI-SGP will remain in close contact with the Office of the Inspector General, the Office of the Provedor and the Prosecutor General's Office to assist with targeted activities aimed at ensuring transparency and equity in the delivery of government services to the population.

### **GOVERNMENT SERVICE DELIVERY**

The Government of Timor-Leste (GoTL) is still rebuilding its infrastructure while building the capacity of these structures to extend their services to the population. DAI-SGP continues to identify areas in need of assistance to further these goals.

### **LEGAL EDUCATION**

As the GoTL approves new legislation, it is in need of assistance to inform and educate the general population regarding the rights and responsibilities of each citizen. DAI-SGP works with public and private organizations to provide training aimed at teaching people about new legislation, the constitution and the formal justice sector.

## PROGRAM HIGHLIGHTS AND INFORMATION MANAGEMENT

Early in this reporting period, DAI-SGP hired a full-time Development Outreach and Communications Officer to manage the website and add content, support DAI-SGP and other USAID partners on USAID branding issues, provide information for local outreach, and organize and assist with special events to publicize DAI and/or USAID/Timor-Leste (USAID/TL) activities. In February 2006, DAI-SGP also hired a local Information Officer to strengthen these activities and expand the communications function.

During this reporting period, the information office prepared seven program highlights/USAID success stories that have been sent to the USAID/TL website and/or USAID main website. Another seven highlights/success stories have been drafted and are in the approval process. Highlights/success stories have also appeared in FrontLines (January 2006), and CDIE and the Office of HIV/AIDS received stories from the information office for annual submissions.

Between 25 October 2005 and 31 March 2006, the information office has prepared 55 weekly activity updates. These have been reviewed by program staff, approved at mission level, sent to USAID/ANE for inclusion in the weekly Notes from the USAID Administrator, and posted on the USAID/TL website. A clickable scrolling headline banner was added to the USAID/TL Home page to allow visitors easy access to the updates.

Based on a requirement from USAID/W that all mission websites use a standard address format, our website address changed seamlessly to <<http://timor-leste.usaid.gov>> at the end of January. The old address will continue to redirect visitors to the new site this year.

A significant portion of the information office's time continues to be spent supporting USAID and its partners on USAID branding issues. Branding is an important focus at USAID/W; some requirements came into force in January 2005, others in January 2006. The branding requirements are complex and apply differently to USAID, contractors, NGO partners, and grantees. Support included document production (such as designing report covers for DAI-SGP project reports and the USAID annual report), outreach materials design (for DAI-SGP grantees and NGO partners), and document layout with the brand and design approval for outreach materials. This task will continue to require careful attention from the information office.

Several public events during the reporting period drew on information office support. On 01 December 2005, a major event launched a USAID initiative to help reduce the incidents of malaria among the country's pregnant women and small children. Attendees included the US ambassador, the president of Timor-Leste, the UN's special representative, the USAID mission representative, and several senior government officials. The DAI-SGP information office assisted with all aspects of event preparation, drafted and helped distribute the news release, hired photographers to document the event, and monitored media coverage. A soccer ball with the USAID logo like the one handed to the president by the ambassador at the event has been sent to USAID/W for display in the Point Four Conference Room next to the Administrator's offices.

In addition to maintaining a complete list of media outlets and contacts in Timor-Leste, the information office also assists on an as-needed basis with a range of tasks including: distributing of media reports, providing background information to DAI/Bethesda, USAID/W, and others about USAID/TL activities; researching, writing, and editing USAID/TL outreach materials, such as the briefing book; designing and editing of project documents; and providing support and training on outreach-related activities, such as field visit questionnaires and photography techniques.



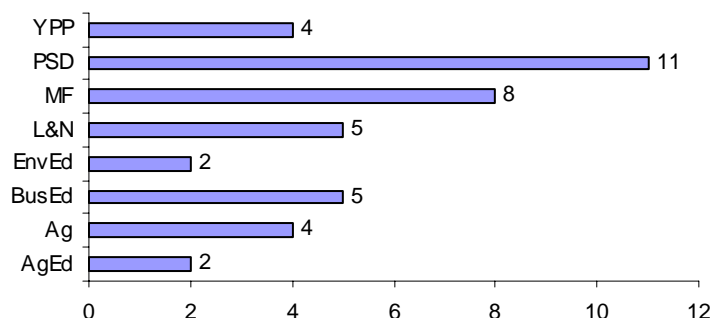
# DAI-SGP GRANTMAKING WITHIN USAID'S STRATEGIC OBJECTIVES

## STRATEGIC OBJECTIVE 1: ACCELERATED ECONOMIC GROWTH

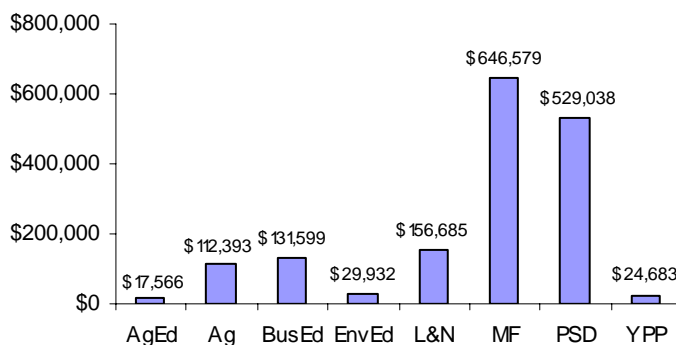
Timor-Leste's economic development efforts are multifaceted. While the business community seeks to develop high value products for domestic and export markets and the government refines its strategies to attract foreign direct investment, the country's rural majority (80% of the total population) continues to depend primarily on agricultural activities as their main source of income. DAI supports accelerated economic growth in Timor-Leste through grants that fall within eight of DAI-SGP's strategic focus areas: Agriculture, Agriculture Education, Business and Entrepreneurship Education, Environmental Education, Literacy and Numeracy, Microfinance, Private Sector Development, and Youth Pilot Programs. Charts 2a-c illustrate the distribution of grants awarded to date across DAI-SGP's strategic focus areas:

<b>Guide to Economic Growth Strategic Focus Areas</b>	
<b>Strategic Focus Area</b>	<b>Abbreviation</b>
Agriculture	Ag
Agriculture Education	AgEd
Business & Entrepreneurship Education	B&E
Education	EnvEd
Environmental Education	L&N
Literacy & Numeracy	MF
Microfinance	PSD
Private Sector Development	YPP
Youth Pilot Programs	

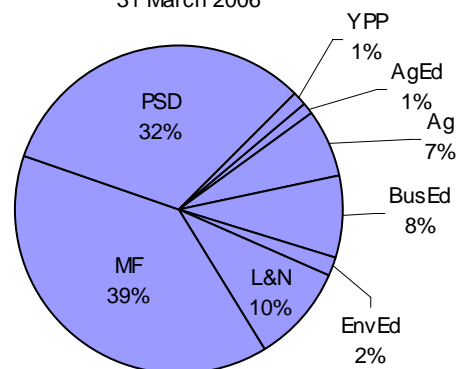
**Chart 2a: Number of Economic Growth Grants by Strategic Focus Area**  
31 March 2006



**Chart 2b: \$ Allocations by SO1: Economic Growth Strategic Focus Area**  
31 March 2006

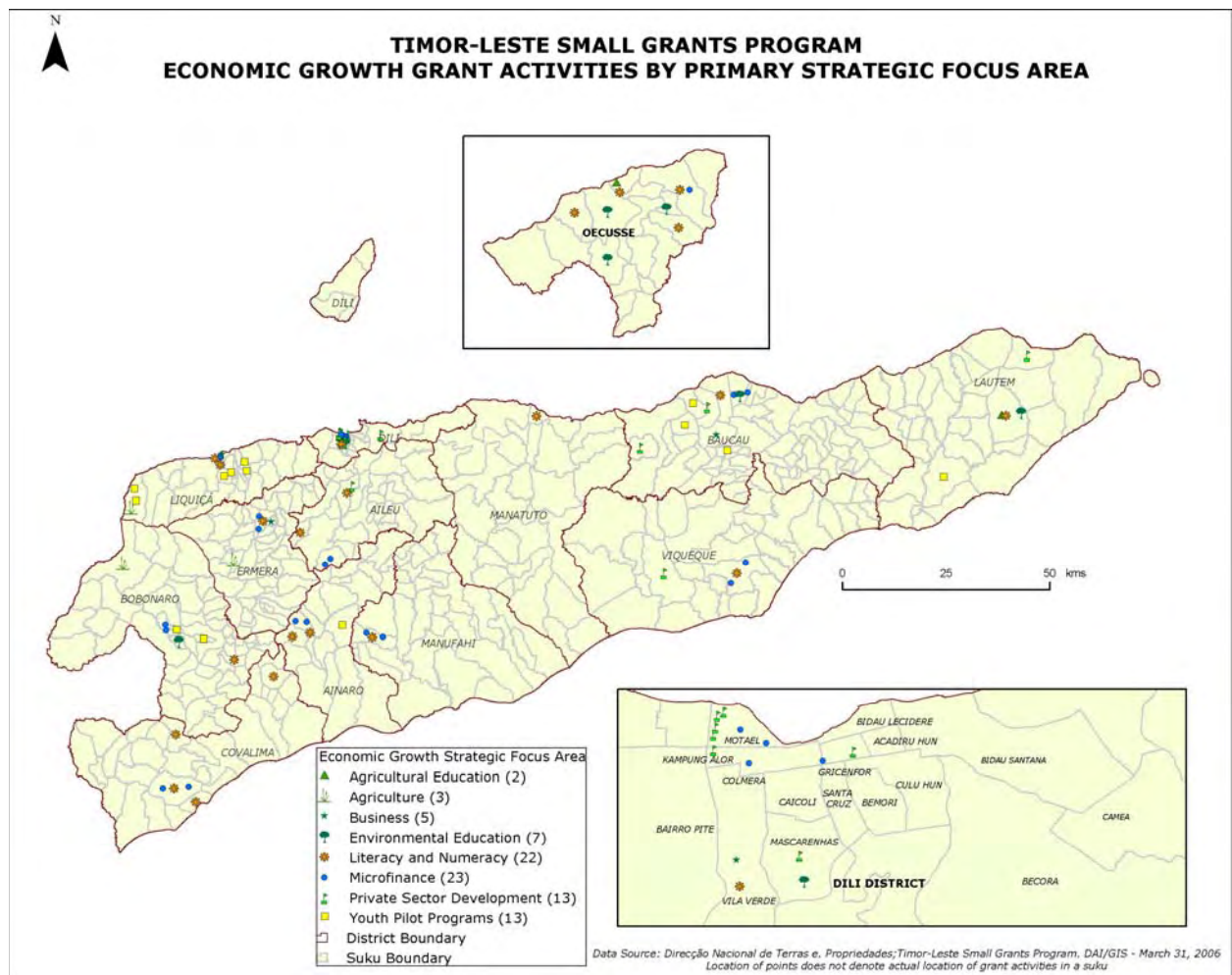


**Chart 2c: % Allocations by SO1: Economic Growth Strategic Focus Area**  
31 March 2006



Of the 41 EG grants to date, 23 were awarded during this reporting period, adding more than \$663,182 to the cumulative portfolio. Over 70% of these funds have targeted the development of Timor-Leste's private sector through support to microfinance institutions, small businesses, and business service providers. The remaining 30% support capacity building efforts that promote market driven entrepreneurial approaches to income generation. Figure 3 shows the geographic location of all economic growth grant activities to date.

**FIGURE 3: ECONOMIC GROWTH GRANT ACTIVITIES**  
(NOTE: EACH GRANT MAY HAVE MORE THAN ONE GRANT ACTIVITY)



## LITERACY AND NUMERACY

A well educated, literate and numerate populace is an essential prerequisite for the development of Timor-Leste's human resource capacity and economy. With illiteracy rates as high as 50%, grass roots education programs targeting rural communities need considerable support. DAI-SGP is one of the only organizations actively supporting local NGOs and government institutions to develop and deliver high quality literacy and numeracy training to communities in greatest need.

DAI-SGP supported the local NGO Timor Aid in delivering effective literacy and numeracy training to women in rural communities. A training of trainers (ToT) that focused on lesson planning and the use of training modules and teaching aids was first conducted in three 9 day sessions to 27 women in

Ainaro, Aileu, and Liquica districts. Six months of literacy training has since been delivered to 468 mostly female trainees in their respective districts. The participants were very enthusiastic about applying their skills in running their own small businesses and helping in their children's education. 183 women were selected from the literacy training to participate in the second training on income generation which began in April 2006. Based on participant suggestions, this component focuses on business management, bookkeeping and proposal writing. Through the delivery of the first income generation training to 35 women in Liquica, Timor Aid discovered that some of training materials were not appropriate for the selected group of women. Timor Aid is now establishing links with experienced organizations to adopt a more practical training module focusing on basic business concepts.

The Ministry of Education and Culture (MoEC) was awarded a grant in support of its National Adult and Adolescent Literacy Project implemented by the Non-Formal Education Directorate. The new curriculum uses a focused set of practical lessons and exercises on words and concepts relevant to the local context, and includes explanations and photos from throughout the country. Nine new literacy training modules and a thematic guideline to the curriculum have been developed by the MoEC to launch the country's first formally accepted national adult/adolescent literacy campaign. Grant funding will be utilized to print 100 copies of each training module and 500 copies of the thematic guideline, all to be used in 100 pilot literacy classes throughout Timor-Leste. MoEC staff will deliver a formal training in June 2006 to help improve teaching methods and information delivery for these trainings. The training modules were developed for use in both Portuguese and Tetum and are now considered standard training materials for institutions running literacy programs in Timor-Leste. DAI-SGP has connected more than 5 local partners to the literacy programs at the Ministry to ensure that programs are coordinated and able to implement best practices in literacy training throughout the country.

DAI-SGP continues to expand its literacy training activities through a grant awarded to the local NGO Fundasaun Futuru ba Comunidade (FFC). Over the next three months, FFC estimates that 100 women from Suai district will participate in literacy trainings in five targeted villages. Operational support from DAI-SGP has been provided in the form of salaries and equipment. FFC's literacy trainings will use the new literacy training modules developed by the MoEC. DAI-SGP looks forward to reporting further on the impact of these activities in the next reporting period.

## **ENVIRONMENTAL EDUCATION**

A small number of local NGOs have begun developing environmental education programs to teach sustainable natural resource management in communities where life sustaining resources are threatened and dwindling. DAI-SGP is currently funding two environmental education projects and continues to look for opportunities to expand its reach in this sector.

With DAI-SGP's support, the Australian NGO Oz Green is helping Green Timor-Leste - Oecusse's only environmental NGO - improve its project management capacity, strategic planning processes, and environmental monitoring practices. Green T-L helps Oecusse's communities address their most pressing environmental needs for clean water and shade tree cover through their participatory Village Environmental Action Planning (VEAP) process. Community members develop village resource maps, conduct water quality and environmental assessments, identify key community issues, and develop an environmentally friendly vision for the future. With the provision of grant funding for operational costs, training materials, and water testing equipment, Green T-L has conducted VEAP training for eight villages and looks forward to running eight more starting in May 2006. As a part of the process, these communities tested their water supplies to determine whether or not boiling was necessary before drinking.

In response to the need for teachers and community leaders with knowledge about environmental management practices, DAI-SGP awarded a grant for a workshop and series of training programs to help school teachers and local leaders promote responsible natural resource management. Haburas Foundation has developed environmental education training modules and teaching materials and trained five trainers to facilitate three workshops in April 2006. Approximately 130 participants from Maliana, Baucau and Lautem districts are expected to attend. These trainees will learn techniques to raise community awareness on destructive practices that contribute to environmental degradation and the laws in place to protect Timor-Leste's precious natural resources.

## **AGRICULTURAL EDUCATION**

Since independence, Timorese farmers have seen a sharp decline in subsidized agricultural inputs previously received from the Indonesian government. DAI-SGP supports local farmer's cooperatives and agricultural students from Timor-Leste's higher education institutions through grants for training in appropriate, sustainable, and environmentally friendly agricultural practices using locally available materials. Traditional plowing techniques and the use of organic fertilizer offer local farmers an inexpensive and practical way to increase their crop yields. DAI-SGP's main goal in this focus area is to help add value to the theory taught in the agricultural high schools and in other informal training programs by encouraging the development of practical education programs and curriculum to encourage students to practice what they are learning.

The local NGO Vecom Lorosae received funding in support of its practical agricultural training program for veterinary students from Fuiloro Agricultural School and Universidade Nacional Timor Lorosa'e (UNTL). Students are trained in creating organic fertilizer from livestock waste to be used in cultivating their pastures. These environmentally friendly agricultural practices will result in an improved livestock food supply and a decrease in negative environmental effects caused by poorly managed animal waste. DAI-SGP provided practical training equipment and salaries for four facilitators to deliver seven training sessions over three months. In the first four sessions, 128 students from both institutions received training and Vecom Lorosae reports that they have attracted approximately 100 additional students to attend the final three sessions, bringing the total expected number of trainees to 375. Additionally, 50 training modules were donated to Fuiloro's library to be used as reference materials.

With USAID support since April 2004, Asosiasaun Haburas Capacidade Antonio Enclave (AHCAE) has worked with communities to promote sustainable agricultural practices through the use of organic fertilizer and traditional plowing techniques. Under DAI's previous small grants program PSI, AHCAE trained 20 farmers to build and use buffalo drawn plows and produce high quality organic fertilizer thereby increasing rice yields from 2.4 to 3.6 tons/hectare. DAI-SGP continues to support AHCAE with a grant for continued training in sustainable agricultural practices. Thirteen farmers received hands-on training in composting, cultivation, soil and crop maintenance, and harvesting techniques. Students were able to evaluate the difference between various fertilizers through observation of demonstration plots on which crops treated with cost effective organic fertilizer were cultivated along side crops treated without fertilizer. As a result of this practical demonstration, these farmers can now use organic fertilization practices on their own farms, replacing existing practices of shift cultivation and the costly use of chemical fertilizers. AHCAE also worked with 26 farmers in the use of traditional buffalo drawn plows and trained 7 pairs of buffalo to use these. As a result of the success during the DAI-SGP grant period, AHCAE plans to make 300 plows and work with farmers to train 600 buffalo in using this traditional method.

## AGRICULTURE

With 80% of the population dependent on agriculture for their livelihoods, considerable assistance to government support institutions and agricultural cooperatives is needed to sustain and develop this vital sector. DAI-SGP provides partial support, with substantial cost sharing by the grantee, to help cooperatives generate income and reinvest in their products and production lines. The recent increase in avian influenza outbreaks throughout the world has raised fears of a potential outbreak in Timor-Leste. DAI-SGP has helped the country develop its bird flu surveillance capacity through the establishment of national emergency preparedness plans.

ETADEP, a respected local cooperative that has been in business since the 1970s, received a grant to support 390 farmers in Loes, Sare, and Raimate areas of Liquica. The funding covered operational costs, agricultural inputs and repairs for five tractors to plough 81 ha of land for rice, corn, and vegetable cultivation over a 6-month period (one season). ETADEP's farmers generated over \$2000 in revenue and were able to payback the tractor rental fees in full at the end of the harvesting season. ETADEP also delivered training on cultivation, seeding, maintenance, harvesting, and marketing for the crops farmers want to grow and sell, and lobbied the government, international organizations, and the private sector on behalf of the farmers to find new markets for the produce. As a result of these efforts, PLAN International agreed to buy the farmer's corn the following season.

### **Bird Flu Test Kits Help Protect Farmers' Livelihoods**

Although the H5N1 bird flu has not been detected yet in Timor-Leste, the government's Ministry of Agriculture, Forestry and Fisheries is developing and implementing a national strategy to fight the deadly disease. An important part of this plan is to test domestic poultry for the bird flu virus. Because poultry also get other diseases with similar symptoms to bird flu, it is vital for ministry veterinarians to know whether the sick or dead birds have bird flu or another disease. To help with this task, SGP has delivered special kits to test poultry for a range of viruses, including the H5N1 strain. The results of recent tests on poultry near the border with Indonesia using the new kits have all been negative.

DAI-SGP's provision of testing equipment to the Ministry of Agriculture has enabled their Livestock Division to implement an avian influenza early warning system. Rapid test kits and protective clothing were procured and arrangements made for the transportation of samples to a laboratory in Darwin, Australia for testing. The Livestock Division has trained 14 staff members in proper testing techniques, and rapid testing has begun in the high risk border areas of the Covalima, Maliana, and Oecusse districts, and around lakes where large numbers of migratory birds can be found.

DAI-SGP issued a grant to the United Nations Food and Agriculture Organization (FAO) to implement an emergency preparedness program for Highly Pathogenic Avian Influenza (HPAI) in Timor-Leste. The seven-component program focuses on: program management; awareness raising; communication and education campaigns; surveillance, quarantine and response activities; poultry and pig health and husbandry; establishment of a veterinary laboratory and capacity building; legislation; and research and development. From 11 – 13 January 2006, a HPAI Workshop was held in Dili and attended by 116 government and NGO representatives. Field trips and an outbreak response simulation exercise were carried out in collaboration with 11 Livestock Division and FAO technicians under the supervision of a DAI-SGP funded international expert. A three-year program for HPAI preparedness, prevention and control was drafted with contributions from participants in the national HPAI workshop and the draft plan has been sent to FAO Rome for technical clearance. A

field manual detailing methods to best respond to an avian influenza outbreak was prepared for use by 10 government veterinarians at the national level, 14 district level livestock officers and 285 village level workers.

DAI-SGP supported the local NGO Fundasaun Amizade de Timor (FAT) to implement a grape plantation pilot project. Due to organizational mismanagement and miscommunication between FAT staff and community leaders, the grape farm was abandoned close to the end of the grant period, with very little progress on the grape plantation. DAI-SGP has learned that many factors must be considered by the grantee before taking on a new crop in a new area. Clear agreements with the local community are essential to avoid problems in the future. Despite constant attention from grants managers about fulfilling the terms of the grant agreement, the grantee was unable to meet the goals outlined in the agreement and the grant was shut down. DAI-SGP also designed a more rigorous monitoring plan for our program development specialists for each grant. In the future, DAI-SGP hopes to avoid these kinds of problems by enforcing strict monitoring schedules. DAI-SGP will also bring in outside technical assistance when necessary for specialized monitoring purposes.

## **YOUTH PILOT PROGRAMS**

In an effort to reduce an estimated 40% unemployment for urban male youth, DAI-SGP works with local NGOs to provide training and full-time assistance to groups that help the youth focus on activities that generate income and increase productivity. DAI-SGP aims to work with NGOs that also provide assistance with marketing, basic finance and bookkeeping skills to ensure that the youth groups have the practical tools to engage in productive activities.

DAI's first youth pilot grant awarded to the Timorese Young Entrepreneurship Initiative (TYEI) provided training in horticultural gardening practices, marketing, and basic bookkeeping to several youth groups engaged in agricultural production in Liquica. To date, 67 young people in eight youth groups have participated in trainings where they shared ideas and practical experiences in "better practices" for agricultural production. TYEI helps each group create a strategic plan and has already connected groups with buyers in Liquica and Dili. The success of the pilot phase has warranted the extension of this activity through a follow-on grant to expand to 20 new youth groups in Liquica and Baucau with over 150 expected participants.

After a pilot study conducted by the local NGO Haburas Moris found significant market demand for organic fertilizer among local farmers in the Bobonaro district, the NGO was awarded a grant to provide agricultural training to two local youth groups. Two-day training sessions focused on organic fertilizer production techniques, agricultural cultivation practices and linking the groups to markets for their products. Twenty-seven young people participated in the training and produced 650 kg of organic fertilizer to fertilize plots of land to grow mung beans, tomatoes, cabbage, and chilli peppers. Haburas Moris continues to help the youth groups sell their produce in the Maliana market and other local markets. Haburas Moris has also independently produced 1125 kg of organic fertilizer for sale to local farmers at the market rate of \$0.20/kg earning a profit margin of 150%. They are also looking into a partnership with Timor Sun to commercially market their organic fertilizer.

DAI-SGP awarded a grant to the Farmers Group Hatu-Builico of Mau-Chiga Village in Ainaro district to provide training and agricultural inputs. Prior to the grant award, the group successfully organized itself with the goal of shifting from subsistence level agriculture to a more market oriented production schedule and had already begun cultivating and selling soybeans and carrots at local markets. Two facilitators from UNTL helped the 20 member youth group expand their produce variety with training in the cultivation and marketing of onions, cabbage, tomatoes, carrots and soy beans.

In Lospalos, Lautem district, SPG supports the Agriculture Development Organization (ADO) through the provision of agricultural tools and training funds for four youth groups. ADO works in Illiomar, an isolated area with fertile land that is good for cultivating rice and horticultural products. The training includes lessons on organic fertilizer and pesticides production and commercial horticultural garden management. ADO will help the youth share their products throughout the community and access local markets to sell their goods when there is a surplus. After the training, ADO will help youth groups cultivate peppers, tomatoes, eggplant, cabbage, and lettuce. Approximately 120 youth are expected to participate in these training sessions in May 2006, once the training materials are finalized by the grantee and printed.

## **BUSINESS AND ENTREPRENEURSHIP EDUCATION**

The education and training system in Timor-Leste continues to require outside support as it builds the capacity of teachers and students. As a result of the lack of infrastructure and inadequate education existing during the Indonesian period between 1975 and 1999, the formal and informal education system is being rebuilt from the base. Education techniques during the Indonesian period concentrated on theoretical approaches, and rarely included practical training lessons. Students lacked information about best practices in administration management or enterprise development. Entrepreneurial thinking will be a cornerstone of a productive powerful economy in the coming decades. DAI-SGP is committed to supporting the foundations for this entrepreneurial thinking, particularly in rural areas.

In December 2005, DAI-SGP funded travel for the president of Dili's Rotaract Club to attend the City Group/INSEAD financial literacy conference in Malaysia. The Rotaract Club is now applying some of the lessons learned from the conference, specifically from one of the case studies presented on a rural money management project run by UNDP in Fiji, by implementing a pilot project providing basic financial education and money management training to students from public senior high schools in Liquica. The project expects to help approximately 175 students in the first year of high school (approximately 15-16 years old) develop money and resource management skills and increase the Rotaractor's capacity to play leadership roles in their organizations and communities. DAI looks forward to reporting further on this grant activity in the next reporting period.

In March 2006, DAI-SGP awarded an in kind grant to provide operational funding to the Fatumaca Technical School in support of various technical divisions: electronics, machine, and carpentry. The school will use the materials to increase educational services to 205 technical and 65 academic resident students. Upon graduation, students will be better equipped with the knowledge and skills to apply what they have learned toward income generating activities and enterprises. Through this grant, DAI-SGP is collaborating with the USAID Dezenvolve Setór Privadu (DAI-DSP) project to assist the grantee in developing a financial sustainability plan to decrease their donor dependency

### **Basic Bookkeeping Encourages Small Enterprise**

In Timor-Leste's Oecusse District--situated wholly within Indonesian West Timor--a local NGO is boosting women's economic opportunities by providing training courses to its credit union members. The Oecusse Women's Support Forum (Forum Peduli Wanita Oecusse, FPWO) has established 10 credit unions that now have 300 members. Recent FPWO projects funded by SGP have provided much-needed financial management skills training to more than 120 women. FPWO's training aims to improve the overall management of its member credit unions and offer new business skills to their members. Training includes sessions on bookkeeping, numeracy, business and financial management, and how to run a small-scale business. Most credit union members are actively involved in small businesses, and the women who participate in the training sessions rate them as useful. FPWO's credit union members and training courses have helped improve the business environment in the district, which suffers significantly from its separation from the rest of Timor-Leste, and opens the door of entrepreneurship to many women in Oecusse.

and connect the school to clients providing additional technical services.

DAI-SGP continues to support the local cooperative Forum Peduli Wanita Oecusse (FPWO) in facilitating basic bookkeeping training for administrative and financial management to six new women's groups in Oecusse. 10 women's groups received this training under DAI-SGP's first grant to FPWO, and the organization gained a profound understanding of the women's needs and problems. FPWO has since revised the curriculum to account for the trainees specific needs, ensure a high level of understanding, and equip the women with practical skills to accurately record transactions and account for savings. The revised curriculum is designed for illiterate women and is delivered in a combination of Baikueno (local language in Oecusse) and Indonesian. Approximately 180 women are expected to participate in these training sessions.

In December 2005 Junior Achievement (JA) Worldwide completed a feasibility study on introducing a US-based course of economic study in elementary, middle and secondary schools. Through consultation with business, education and political leaders JA found unanimous agreement on the need for such a program within the national curriculum, especially at the primary level. The International Labour Organization (ILO) and the United Nations Industrial Development Organization (UNIDO) provide support for enterprise education at the pre-secondary and secondary levels, as well as some of the technical and vocational schools. JA will work in conjunction with the existing programs to take advantage of lessons learned and potential synergies. 127 schools in all 13 regions have been identified where JA programs could be implemented over the course of five years. DAI-SGP has recently awarded a follow-on grant to fund startup costs for JA's economic and business education program. Over a five month period beginning in April 2006, JA will set up networks to pilot test their new program in selected primary schools to be ready for the September 2006 school term. The program will then be transferred to USAID for longer term funding as the program expands to other schools.

## **MICROFINANCE**

DAI-SGP supports a number of Timorese microfinance institutions (MFIs) to address their institutional and training needs. Funding concentrates on the most successful MFIs with near term plans for operational self sufficiency and a stable management structure. MFIs provide tools to empower the rural poor to engage in income generating activities while applying financial management knowledge in a market driven manner. DAI-SGP works closely with DAI-DSP to provide grant support to certain institutions to address financial constraints to the growth of income and employment through private sector development in Timor-Leste. Both teams help evaluate proposals from MFIs and determine the potential success of the grant activity in order to recommend it to USAID for funding.

With operational costs and training funded by DAI-SGP, Moris Rasik has expanded its microcredit services to over 1,000 women in Liquica and Ermera districts. With 6,944 individual loans disbursed and 7,809 active savers at the end of March 2006, Moris Rasik has nearly 70% of the clients needed to reach its

### **Creating Sustainability in the Microfinance Sector**

Limited access to credit and savings services is a major constraint to Timor-Leste's economic expansion. One of the most successful providers of microcredit services is Moris Rasik, which has received small grant support since November 2001. Moris Rasik recently expanded its services to more than a thousand women in Liquica and Ermera districts, bringing the total number of individual borrowers to 6,944 and savers to 7,809. With this expansion, Moris Rasik is approaching 70% of the 10,000 clients it needs for operational self sufficiency. A recent SGP grant helped the group acquire a special microfinance computer program to help manage its loan portfolio of more than half a million dollars. The computer program will also allow it to begin offering loans of \$1,000 to individual borrowers who have completed all the cycles of the group lending program. Moris Rasik is a member of the Association of Microfinance Institutions of Timor-Leste (AMFITIL), the umbrella support organization for microfinance groups that has also been supported by SGP. Current funding from SGP covers some of AMFITIL's operational costs, while technical assistance from DAI-DSP project is helping the organization develop long-term management and skills

goal of operational self sufficiency at 10,000 clients. As of December 2005 it has over \$755,000 in loans outstanding and reported a cumulative savings of about \$262,000. A follow-on grant has been awarded for training and installation of a microfinance software package provided by Grameen Communication Industry in Bangladesh. A software engineer from Grameen has installed the package in 9 of Moris Rasik's 12 branches and is training 97 staff members in its use. The new system allows for accurate and efficient tracking of the entire loan and savings portfolio standardized in all of its offices. Once the system implementation is complete, Moris Rasik will begin offering larger loan products starting at \$1,000 to individuals that have graduated from the current group lending program.

With DAI-SGP funding through Catholic Relief Services (CRS), the local microfinance institution Tuba Rai Metin is receiving technical and operational support and striving to reach its short term goal of 3,900 clients by June 2006. At the end of this reporting period Tuba Rai Metin had 2,514 clients from Baucau, Dili, Manatuto, and Viqueque districts with an outstanding portfolio of \$101,556 and a cumulative savings of \$21,779. CRS reported that the portfolio expansion has been slower than anticipated and is constrained by its limited capacity to simultaneously manage standardization of operations and improved service delivery while cutting costs, and implementing new policies and procedures. With the opening of two new offices in Viqueque (September 2005) and Manatuto (February 2006) and the arrival of a new operations management consultant in January 2006, TRM has seen a marked increase in their expansion rate, and expects further improvements over the next reporting period.

DAI-SGP has provided operational funding to the Association of Microfinance Institutions in Timor-Leste (AMFITIL) since June 2005, and helped support the formation of the predecessor Microfinance Working Group (MFWG). Another grant from DAI-SGP continues to cover operational costs and is complemented by technical assistance from DAI-DSP. A consultant contracted by DAI-DSP to manage the organization is now transferring management skills and responsibility to a local administrator who is expected to run the organization in the long term. The consultant is also developing AMFITIL's three year business plan and providing guidance to AMFITIL members in preparing Performance Monitoring Reports every three months, which helps inform the government, private sector and donors about the performance of each MFI according to standard benchmarks and indicators.

## **PRIVATE SECTOR DEVELOPMENT**

Through several grants, DAI-SGP is supporting private sector actors with targeted, market driven plans to improved and expand their businesses to create more jobs in the future. DAI-SGP also works to create a linkage between the financial services sector and local businesses. Support for private sector actors, usually local businesspeople or cooperatives, requires substantial cost sharing from the local business as well as a long term business plan and assessment of market demand. DAI-SGP supports trial efforts to find markets for local products while easing the transition from donor subsidies to long-term development support. In some cases, DAI-SGP will receive grant proposals from DAI-DSP partners who require small outside inputs for training costs or other operational funding.

DAI-SGP's work with CRS has yielded interesting information about candlenut oil and whole candlenut product demand in the region. The final feasibility study found potential opportunities for Timor-Leste's whole candlenut growers to export to the Philippines and Indonesia. Conservative estimates of the Philippine market say demand exists for 2 to 3 tons of whole nuts per month for fashion accessories such as necklaces. Market demand for Timorese candlenut oil does not presently exist in the Philippines; however manufacturers reported they would be more willing to buy crude oil from Timorese suppliers if a clinical analysis of content was carried out. The Indonesian market study also found that potential demand exists for an increase in imports of candlenut products especially

candlenut meat from Timor-Leste. The study encouraged coordination with local and regional research institutions in order to capitalize on these potential opportunities. *See Report Summary in Annex VII*

A grant to the University of Hawaii (UoH) Pacific Business Center supports training costs for the Timorese owned Acelda Company, a local candlenut purchasing and oil processing enterprise (COPE) in Baucau. Working closely with DAI-SGP and DAI-DSP for technical assistance, UoH supports Acelda in the development and implementation of their business plan, operational management procedures, and management of \$50,000 in cash loans from the local bank Caixa Geral do Depositos (CGD) and GTZ as well as a \$30,000 in-kind loan from the Ministry of Agriculture Forestry and Fisheries (MAFF). Acelda's six employees are being trained in candlenut oil production techniques and the use of financial management software. Each day local farmers supply raw candlenuts and the business produces 272 liters daily. Acelda's first shipment of 40 barrels of crude candlenut oil to their primary buyer, Oils of Aloha in Hawaii is on schedule to ship in April 2006; the oil will then be refined and sold in the high value international cosmetics market. Acelda expects to continue creating jobs, serving as source of income for the rural families in the district, and increasing its net annual income from \$24,726 to \$110,332 in the next 5 years. DAI looks forward to monitoring the continued success of this grant in the next reporting period.

Following a feasibility study financed under DAI's previous small grants program, Winrock International is leading a pilot project in Maubisse district to establish an export market in Australia for Timor-Leste snow peas. A local entrepreneur, working with technical support from Winrock, hires 30 local farmers on a rolling basis to produce snow peas on two hectares of land. The rolling employment system allows many community members to benefit from the project. An Australian buyer in Perth has committed to purchasing the produce, and is helping the enterprise meet Australia's regulatory standards for food imports. At the end of March 2006, the snow peas had germinated and it is expected that they will be ready for harvesting in June. A small shipment will be sent to Australia upon harvest to determine any potential issues that may arise with Australia's import authorities, after which larger quantities will be shipped on a regular basis.

A number of grants were awarded to GoTL ministries for capacity building trainings, workshops, and conferences to promote both domestic and foreign investment. The Vice Minister of Development was sponsored by DAI-SGP in February 2006 to attend the Consultative Group for Poor People (CGAP) and United Nations Capital Development Fund (UNCDF) Microfinance Training for Government Policymakers in Bangkok, Thailand. The training offered state-of-the-art principles and practical recommendations for how to effectively help build financial sectors that serve the poor; criteria for evaluating microfinance projects and investments, techniques and tools for managing microfinance projects and investments based on their performance, recommendations for creating policy frameworks that promote financial services for the poor and tools to develop agency-specific strategies and action plans for microfinance projects and investments. The MoD also received an in-kind grant of office equipment for the Institucao de Apoiamento de Empresarial (IADE) - Institute for Business Support - to improve the efficiency of the domestic investment licensing process in Timor-Leste.

#### **Niche Market Links for Agricultural Exports**

A new factory in Timor-Leste's second largest city, Baucau, is producing high-quality candlenut oil for export. The factory is run by a local enterprise, Acelda, with technical assistance from the University of Hawaii with support from DAI-SGP and DAI-DSP. Hawaii-based manufacturer, Oils of Aloha, has contracted with Acelda to purchase its output, which has reached 272 liters a day. Vital support from DAI-SGP during Acelda's set-up phase resulted in leveraging additional resources from another donor, a commercial bank, and the government of Timor-Leste. Acelda now has six employees and expects to increase its staff and quadruple its income over the next five years. Candlenut oil, a high-value export for Timor-Leste, is used around the world as an ingredient in skin moisturizers by the cosmetics industry.

A grant was awarded to the Office of the Prime Minister to stage a two-day International Conference on Foreign Investment in Timor-Leste. The conference showcased the country's investment framework and readiness to attract and receive foreign direct investment (FDI). Approximately 200 participants attended; half of whom represented international businesses and organizations. The conference also allowed TradeInvest Timor-Leste to hear ideas and concerns of potential investor groups and gauge the effectiveness of the established investment framework. DAI-SGP funded the logistical support for interpreters and hall rental.

DAI-SGP continued to fund the Ministry of Foreign Affairs (MNEC) in conducting joint field work with the Republic of Indonesia to finalize the placement of the border with Indonesian West Timor. Grant funding was used to continue the negotiation process and for the officers to take field trips to finalize the physical border demarcation. The negotiation process has suffered from delays as there is no fixed schedule for completing the process, but the two countries have reached an agreement on approximately 99% of the border line.

## **STRATEGIC OBJECTIVE 2: KEY FOUNDATIONS OF GOOD GOVERNANCE STRENGTHENED**

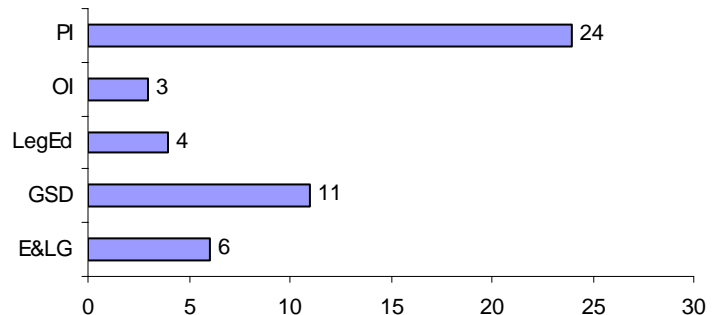
In the world's newest democracy, good governance is required for supporting sustainable development and best practices across the country's new government structures. Basic legislation is still being developed by the majority of Timor-Leste's new public offices. As a result, there is a need to assure the population's access to and understanding of the new rules and regulations, which will help improve each citizen's knowledge of his or her rights and responsibilities. A strong rule of law, as demonstrated by formal contractual agreements and properly functioning courts, is also an important prerequisite for attracting foreign investment.

DAI-SGP funded a wide range of activities in support of local civil society groups, media outlets, legal aid groups, independent oversight institutions and government agencies that help improve citizens' access to justice. DAI works to strengthen democratic governance in Timor-Leste through grants that fall within five strategic focus areas: Elections and Local Government, Government Service Delivery, Legal Education, Oversight Institutions, and Public Information. 10 new DG grants were awarded this grant period, bringing the total to 48 and adding more than \$357,320 to the cumulative portfolio.

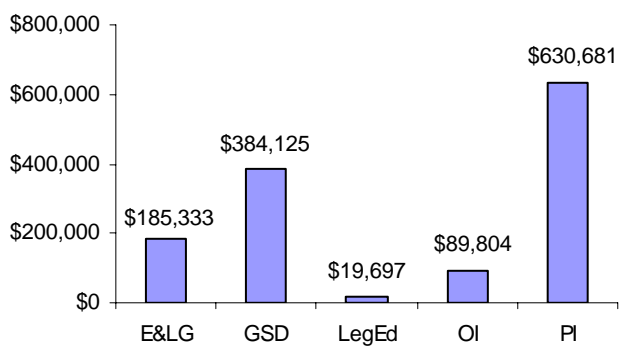
Charts 3a-c illustrate the distribution of grants across the DG strategic focus areas:

<b>Guide to Democratic Governance Strategic Focus Areas</b>	
<b>Strategic Focus Area</b>	<b>Abbreviation</b>
Elections & Local Government	E&LG
Government Service Delivery	GSD
Legal Education	LegEd
Oversight Institutions	OI
Public Information	PI

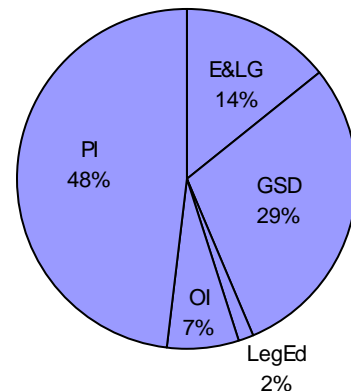
**Chart 3a: Number of Democratic Governance Grants  
by Strategic Focus Area**  
31 March 2006



**Chart 3b: \$ Allocations by  
SO2: Democratic Governance Strategic Focus Area**  
31 March 2006



**Chart 3c: % Allocations by  
SO2: Democratic Governance Strategic Focus Area**  
31 March 2006



With nearly 50% of grant funding supporting public information campaigns and providing assistance to both print and broadcast media throughout the country, DAI-SGP is helping to strengthen citizen understanding of the democratic political process. Public information activities have complemented much of DAI-SGP's work in other focus areas. Through civic education programming, balanced reporting from an independent media, and civil society organizations serving as watchdogs for the world's youngest government, the foundations are being laid for a transparent accountable government with strong public participation in civic affairs. Timorese citizens once again showed their commitment to democracy by turning out in record numbers in the most recent local elections. Figure 4 shows the geographic location of all democratic governance grant activities to date.

## PUBLIC INFORMATION

Information dissemination challenges run in two directions in Timor-Leste. The GoTL works hard to deliver messages to the people about their policies, what they are doing for the country, and the future. In addition, Timor-Leste's citizens search for better means to communicate their needs back to

their leaders, as well as to the general public. Strengthening the communication systems and supporting the people who want to share their messages is one of USAID's major democratic objectives. DAI-SGP has made a number of grants in support of this focus area over the life of the program. Activities include support to the Judicial System Monitoring Program (JSMP), INTERNEWS, Radio Comunidade Lospalos (RCL), Timor-Leste Community Radio Association (ARKTL), Lifau Post, Government Information Office (GIO), Office of Promotion for Equality (OPE), Ministry of Education/Secondary Education Division, and CAVR.

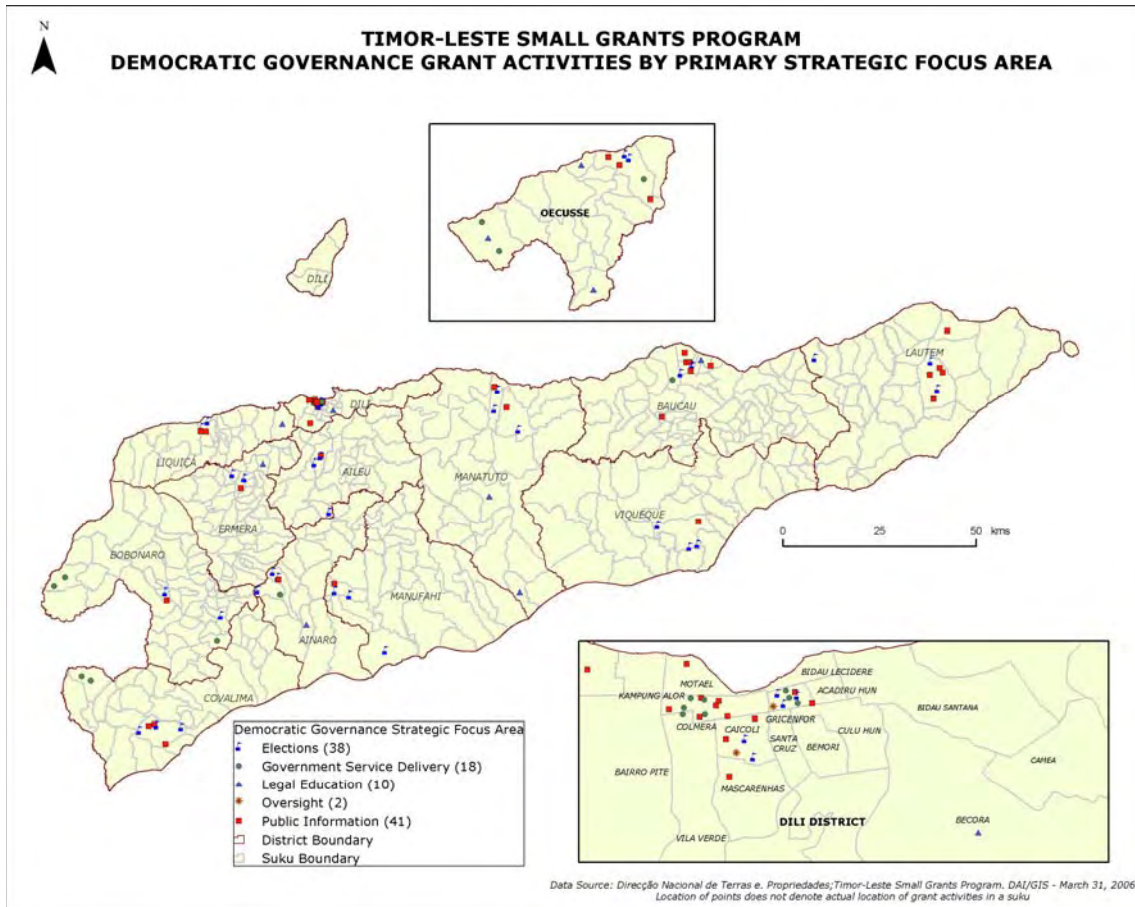
DAI-SGP also made a number of grants to local media entities including the Association of Timor-Leste Community Radios (ARKTL), Radio Comunidade Lospalos (RCL), and Lifau Post to broaden the geographical reach of community and national communications.

A number of organizations including Internews, Timor-Leste Media Development Centre (TLMDC), and the Government Information Office (GIO) also received grants for journalism training.

DAI-SGP funded institutional costs for the Judicial System Monitoring Plan (JSMP), a local NGO that plays a critical role in evaluating and developing Timor-Leste's justice sector. JSMP offers an important impartial voice to the justice sector debate and alerts government officials, court actors, civil society organizations, community groups and national and international observers of relevant matters related to the judicial system. In 2005, JSMP released 13 reports in English, Bahasa Indonesia and Portuguese which are available online at <http://www.jsmp.minihub.org/>. Notable works include an "Analysis of Decisions in Cases involving Women and Children Victims" and "The Law of Gender-Based Violence in Timor-Leste." JSMP uncovered controversial issues found in the country's draft Penal Code regarding an article on defamation considered by many to be a threat to the independent media and democracy. After this was brought to President Xanana Gusmau's attention, he refused to promulgate the code and demanded that it be revised. Through its Community Outreach Unit, the JSMP also increases public understanding of the formal justice sector and empowers vulnerable groups to know their human rights and access the court system. JSMP conducted training on legal procedures, human rights, and gender based violence in 10 districts. Additionally 472 subscribers receive JSMP reports, justice updates and press releases through regular email dispatches.

Asosiasaun Radio Komunitade Timor Leste (ARKTL) – the Association of Timor-Leste Community Radios - which serves as an umbrella organization for more than 16 community radio stations was awarded a grant to provide 12 months of operational and institutional capacity building support. The funding has allowed ARKTL to survey all community radio stations, hold monthly management board meetings, improve accountability and transparency through the production of monthly meeting minutes and financial reports, publish its programming schedule, and hold a national congress to elect a management board and coordinator. In the December 2005 national congress, 42 participants (12 women) identified new strategies for service delivery, exchanged ideas and discussed challenges and elected the new ARKTL coordinator. The congress identified a number of major issues faced by community radio stations including the need for new sources of income, more frequent monitoring by ARKTL, and development of journalism, broadcasting, investigative reporting and editing skills.

**FIGURE 4: DEMOCRATIC GOVERNANCE GRANT ACTIVITIES**  
**(NOTE: EACH GRANT MAY HAVE MORE THAN ONE GRANT ACTIVITY)**



Radio Comunidade Lospalos (RCL) serves Lautem district communities with news, entertainment, and information about local issues and events six days a week, eight hours a day, in Tetum, Indonesian, and a range of local dialects. DAI-SGP provided studio equipment for RCL to establish a second production studio and increase the programming capacity of its 18 personnel (10 women). As a result, RCL has begun producing a number of programs for various public outreach activities. RCL is working with Medicos do Mundo, a Portuguese international health agency, to produce 300 cassettes for a health program in three languages to be distributed to 34 villages and 151 sub villages in the district. A UNICEF funded program entitled “Voice of Children” is also being produced in the RCL studios. With approximately 31,000 active listeners, RCL’s public outreach programming serves as a significant force for positive change in the communities of Lautem district.

DAI-SGP provided in-kind support to the weekly newspaper Lifau Post, Oecusse's only print media outlet. The grant which covers costs for printing, computer equipment and two motorbikes has allowed the newspaper to enhance its production and distribution capability. 14 editions were printed with grant funding and Lifau Post reports that the motorbikes have proven very useful for collecting information and distributing newspapers in Oecusse's four sub districts. While the newspaper currently has 317 subscribers in Oecusse and Dili, it seeks to widen its subscription base and distribution to other districts over the next year. Over the past two years, many more local events have been covered by the newspaper, raising awareness of the development issues faced by the region.

DAI-SGP has awarded three grants to the International NGO Internews for media development programs. Internews and the Government Information Office (GIO) provided mentoring and basic training to 20 civil servants from core Government ministries of Education, Transportation and Public Works, Agriculture, Investment, and the Tax Office. The training has helped these ministries develop sustainable communication programs. As a result, the Ministry of Agriculture is now developing public information materials to promote forest protection, bird flu prevention and sustainable farming practices. An international advisor from Internews conducted two workshops for both print and radio journalists entitled "A Question of Balance - Political Reporting on Issues of National Significance." 32 journalists attended these workshops, after which 15 were selected to complete a series of three in-depth investigative reports on issues of national significance around governance, culture & politics, the legal system, public service. 12 out of the 15 completed these reports which were published in book entitled "Jurnalismu Investigativu no Transformasaun Sosial" (Investigative Journalism for Social Transformation). With DAI-SGP support, Internews also successfully assisted the Timor-Leste Media Development Center (TLMDC) in completing its transition to becoming Timor-Leste's preeminent media development organization. TLMDC is a local NGO that was founded in April 2005 by local Internews staff members. Two of TLMDC's staff members were trained in core management, financial and technical skills that are imperative for the sustainability of the organization. TLMDC, now an independent organization, looks forward to providing continued support to Timor-Leste's emerging media sector.

#### **Supporting Local Media Outlets**

A strong and independent media sector is a vital part of Timor-Leste's young democracy. SGP supported the media sector with three grants to Internews, an international NGO that has worked in the country since 2001. Through these grants, SGP helped Internews establish the Timor-Leste Media Development Centre (TLMDC), now the country's preeminent media support national NGO. A new SGP grant to TLMDC will fund a second training program for journalists on balanced political reporting, building on the success of the first program, conducted under the auspices of Internews. SGP also supported the transition of the Government Information Office (GIO) Project from an Internews activity to a government agency with the full backing of the Prime Minister's Office. Now in its second phase, the project continues to train civil servants in core government ministries important communications skills. The continued success of these two organizations will provide important support to the upcoming national elections in 2007.

#### **OVERSIGHT INSTITUTIONS**

To strengthen the rule of law in Timor-Leste and to assist the Government in its efforts to be more effective and transparent, DAI-SGP has awarded four grants to oversight institutions. Grants were made to the Ministry of Interior, CNE (National Election Commission), Office of Prosecutor General (OPG), and Office of Promotion for Equality.

With in-kind equipment support from DAI-SGP, the Ministry of Interior's Office of Inspectorate was able to operate effectively as the primary oversight institution for the Ministry on all matters of discipline, public complaints, and internal audit. The office has developed and implemented policies and procedures for a transparent system whereby the general public can lodge complaints against

government officials that will be investigated thoroughly and equitably. During the six month grant period, the office reported that the number of complaints received increased by 75% with a total of 22 complaints received by February 2006 all of which are actively being investigated by the office.

A grant awarded to the Office of Prosecutor General (OPG) covers costs for translation services and office equipment. Five international prosecutors and 17 court staff members in Dili, Baucau, Suai and Oecusse districts now have multilingual assistants that provide interpretation and translation services during court sessions and general administration services. The grant also funds a national archivist who has identified, categorically assembled, registered and archived a backlog of legal documentation from cases of historical significance that took place between 2000 and 2005.

Commissao Acolhimento Verdade e Reconciliacao (CAVR) – the Truth and Reconciliation Commission – is an independent, statutory authority established in 2002 to promote peace and respect for human rights as the basis for sustainable democracy and development in Timor-Leste. DAI-SGP grant funding covered one month of CAVR's operational costs to ensure that their final report was completed to the highest standards and made available in appropriate languages and formats to maximize the commission's contribution to democracy, human rights and the rule of law. DAI-SGP funded the printing costs of 9,000 booklets of public hearings regarding Women and The Conflict, Forced Displacement, and Massacres in Tetum, Bahasa Indonesia and English. DAI-SGP also funded printing costs for 2,000 copies of the Executive Summary of the CAVR report in English and 3,000 copies in Bahasa Indonesia. The CAVR office is making plans for their distribution throughout the country.

DAI-SGP has provided grant funding to the Office for Promotion of Equality (OPE) to translate and print the initial report on the Convention on the Elimination of Discrimination against Women (CEDAW). CEDAW is one of seven international human rights treaties ratified by the Government of Timor-Leste. Regular reports are required on progress made in ensuring equal human rights for all under the law. Grant funding will be used to translate the report from English to Tetum and to print 150 copies that will be distributed to a wider audience of grass roots women's groups throughout the country.

## **GOVERNMENT SERVICE DELIVERY**

A large number of DAI-SGP grants support this Strategic Focus Area. Extending government's service delivery to the East Timorese people is one of the biggest challenges of the Government of Timor-Leste (GoTL). A large part of the public sector's infrastructure was destroyed during the violence of 1999. The GoTL continues to seek support in its efforts to rehabilitate physical infrastructure critical in extending public services to the population.

Through support for this focus area, DAI-SGP has been assisting the GoTL to extend its service delivery in important areas. A number of grants have been made to both independent and government institutions including the Ministry of Interior, CNE (National Election Commission), Oecusse District Court, Ministry of Justice, STAE (Technical Secretariat for the Electoral Administration), Government Information Office, Ministry of Education and Culture/Secondary Education Division, Office of Prosecutor General (OPG), INAP (National Institute of Public Administration) and Ministry of Justice (MoJ).

DAI-SGP provided office equipment and furniture to the Oecusse District Court to improve its efficiency and to allow greater public access to the judicial system in the enclave. The provision of printers and a photocopy machine has allowed the court's 14 administrators to improve processing time significantly and now carry out between 10 and 13 cases each trial day. During the grant period a total of 73 criminal cases were tried and closed.

A grant awarded to the Ministry of Justice (MoJ) funded the renovation of two rooms in the ministry's main building and provided office equipment and furniture. 13 personnel from the National Directorate for Legal Advice and Legislation and the National Directorate of Rights and Citizenship have moved to these refurbished rooms which provide them with adequate and convenient working space.

With the goal of increasing popular knowledge of basic democratic principals and values, the Secondary Education Division of the Ministry of Education and Culture (MoEC) was awarded a grant for the printing and distribution of civic education text books and teaching materials to junior and senior high schools in all 13 districts of Timor-Leste. Approximately 150 civic education teachers received the textbooks and the teaching manuals. MoEC also organized regional meetings in Baucau, Bobonaro and Manufahi districts to familiarize the teachers with the textbooks and teaching manuals and develop their understanding the teaching methodology behind the curriculum. Approximately 60,000 students will receive the lessons offered in this curriculum.

### **LEGAL AID AND EDUCATION**

During the grant period DAI-SGP awarded grants to two legal aid groups to conduct legal education workshops in two districts. Fortuna Legal Aid Group and Fundasaun Fatu Sinai de Oecusse (FFSO) conducted workshops in Manatuto and Oecusse districts respectively. Prior to grant award, the six targeted communities had never before received any legal aid or education. Two hundred and four people attended the workshops in Laclubar and Natarbora villages of Manatuto, while approximately 300 from Oecusse attended in four villages. Community leaders, teachers, local women's groups, youth organizations, high school student representatives and farmers all attended the workshops to discuss the RDTL Constitution, the legal system, formal justice procedures, and the difference between criminal and civil cases. Both groups also provided information on the Law on Immovable Properties and the International Convention on Eradication of Discrimination Against Women.

#### **Strengthening Village Level Leadership**

In the recent nationwide local elections, Timor-Leste voters elected thousands of new representatives in the country's 442 villages and 2,228 sub-villages. DAI-SGP provided a wide range of support, from voter education to training for the new leaders. Among the grants made in this reporting period were two to the independent National Election Commission, which monitored the elections and reported on the successes and failures of the process (resulting in re-elections in several areas). The government's Technical Secretariat for Election Administration also received grant funding to help voters around the country understand the voting process and to ensure the smooth running of polling places on election days. After the elections, DAI-SGP funding has supported the National Public Administration Institute in its efforts to develop a comprehensive training program for the newly elected representatives.

### **ELECTIONS AND LOCAL GOVERNMENT**

DAI-SGP supported the suku (village) and aldeia (sub-village) election process for local government leaders and village councils. Subsequent to the elections intensive training for local government institutions was also funded by DAI-SGP to ensure a strong understanding of government institutions, policies, and procedures. Grants were made to CNE, STAE, and INAP.

DAI-SGP awarded a grant to Secretariado Técnico de Administração Eleitoral (STAE) – the Technical Secretariat for the Electoral Administration – to provide better service to voters in Dili and Liquica during the September 2005 village election process. Grant funds covered polling staff training, fuel, and maintenance for vehicles and generators. STAE trained 3,025 polling staff which provided electoral services to 117,521 voters including 58,760 women in 375 sub villages of 54 villages in both districts.

DAI-SGP has awarded two grants to the Comissao Nacional de Eleicoes (CNE) – the National Electoral Commission – to supervise and monitor the local election process in 11 districts. With USAID funding, 13 commissioners fulfilled their role in providing impartial and independent monitoring and assessment of the local and national elections processes. CNE monitored the elections in 374 villages and 1,973 sub villages where approximately 410,000 voted. During the election process the commission received 57 complaints, all of which have been documented and investigated by the Court of Appeals. CNE also supervised the re-election process in the villages of Osouna, Baucau and Com, Lautem as well as a number of sub-villages. CNE reported an improvement in the final phase of the election process saying that there was better coordination and collaboration between the STAE, local government officials and the national police, with more effective voter education and better quality of training for polling staff.

The sub village and village elections were concluded on 30 September 2005. A total of 5,667 village council members including over 1,300 women representing their communities were democratically elected by approximately 457,645 voters in 442 villages throughout the country. The elected village council members now play a major roll in pushing forward the development process in their respective communities.

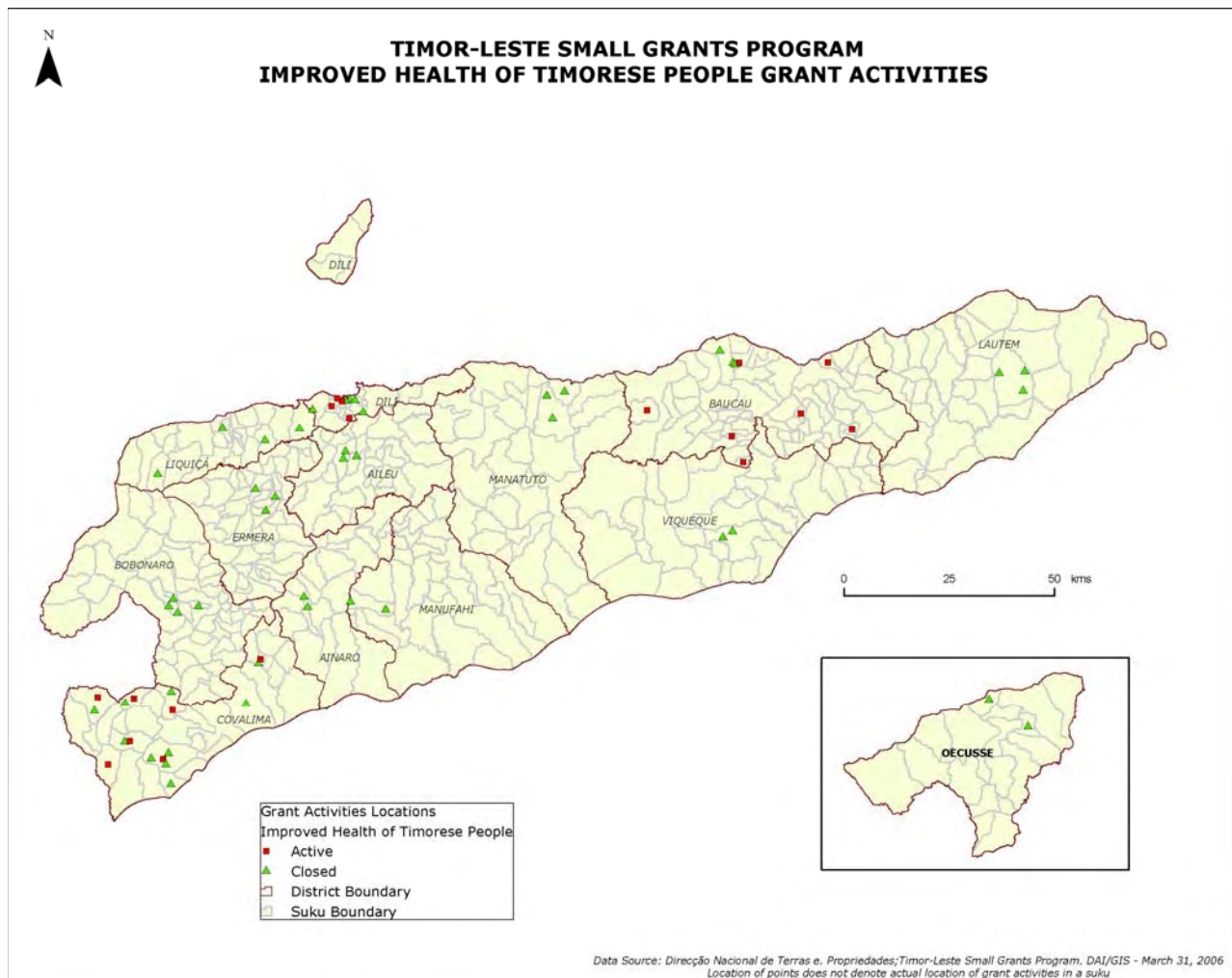
The National Institute for Public Administration (INAP) is the coordinating body that manages capacity building activities for the newly elected village councils. INAP received a photocopy machine and basic office supplies from DAI-SGP to help create their training materials. The INAP is delivering the course to the districts in five phases and focuses on leadership management and village administration. In the first two phases, INAP's 27 staff have administered training sessions for 512 village council members from Ermera, Liquica, Aileu and Manatuto districts. INAP will deliver the training to the remaining 157 village councils by June 2006.

### **SPECIAL OBJECTIVE 3: IMPROVED HEALTH OF THE TIMORESE PEOPLE**

Improved health for the people of Timor-Leste is an important goal to help the country continue to rebuild itself as a healthy and productive nation. As the poorest country in the region and one of the least developed, Timor-Leste faces many challenges in fulfilling the nation's extensive health care needs. During the reporting period, DAI-SGP concentrated on incoming proposals from organizations and institutions that required funding to help them deliver better health care services to the people of Timor-Leste and carry out enhanced disease prevention and nutrition campaigns. Grant funding helped institutions concentrate on prevention and treatment as they helped increase the use of key maternal and child health practices and increased the use of effective disease prevention techniques. During the reporting period, DAI-SGP continued supporting USAID's SpO for improved health with the award of two new small grants totaling more than \$50,716. Figure 5 shows the geographic location of all DAI-SGP funded health activities to date.

In many of Timor-Leste's rural areas there are no medical doctors and the nurses that manage Community Health Centers (CHC) are often the only primary medical service provider available to the community. Training programs play an important role in providing practical education for health care practitioners. After a successful grant program under the PSI project, DAI-SGP funded an additional grant for the latest Clinical Nurse Training program, implemented by the World Health Organization (WHO) to support the Ministry of Health (MoH) and the National Center for Health Education and Training (NCHET). This grant program provided comprehensive training to 71 nurses from all of Timor-Leste's CHCs. The nurses learned about improved clinic management and treatments for the most common medical ailments found in their communities.

**FIGURE 5: HEALTH GRANT ACTIVITIES**  
**(NOTE: EACH GRANT MAY HAVE MORE THAN ONE GRANT ACTIVITY)**



The MoH was given in-kind support for its national polio immunization and eradication campaign. The immunization of infants starts with 4 doses of the vaccine given orally in the first year of life. The first round of the polio campaign reached 163,766 children under the age of 5 and covered 92% of the targeted population. The MoH also conducted a house-to-house campaign to reach families that did not come to the immunization centers. In the second round, 181,328 children - 102% of the targeted population - received the vaccine. Despite these highly successful statistics, the MoH reports that it remains under-staffed and under-equipped to carry out the campaign quickly and efficiently, stating that many parents and children waited more two hours to receive the vaccine.

To create an atmosphere of positive collaboration between NGOs and Government health agencies with similar objectives, DAI-SGP awarded a grant to the MoH to rehabilitate its District Health building in Dili. The rehabilitated building will house approximately 30 staff from the MoH Dili district office and the fast growing Health Alliance International (HAI), and Timor-Leste Asistencia Integrada Saude (TAIS); both of which are implementing major maternal and child health projects. The new office will allow for greater collaboration, more coordinated and targeted interventions and better service delivery across organizations.

The Bairo Pite Clinic (BPC), located in west Dili, provides free health care services mainly to women and children in need. The clinic received USAID grant funding for the construction of four new treatment rooms to accommodate the growing demand for its services. The new rooms, once furnished will be for general consultation, an administration room, laboratory, delivery room and in-patient or midwives room. The clinic employs 53 mostly Timorese staff and receives approximately 300 patients a day and 560 pregnant women and children each month.

With funding from DAI, Catholic Relief Services (CRS) - in partnership with USAID's TAIS project and the Ministry of Health - is implementing a Malaria Prevention and Behavior Change Communication Campaign to improve the effectiveness of its insecticide treated bednet distribution program in Baucau district. A total of 360 sub-village chiefs, community health volunteers, and community leaders received training on basic awareness of malaria transmission, symptoms, and prevention techniques focusing on the use and maintenance of insecticide treated bednets. 14,735 bed nets have been distributed to families with children under the age of five in districts with the highest malaria prevalence rates.

Fundasaun Xanana Gusmao continues to study the viability of an herbal medicine approach to treating malaria using the Artemisia plant. The foundation is working with the World Health Organization and the Ministry of Health to coordinate laboratory testing of samples before it is made available to the public to treat malaria.

CARE International was a major partner for addressing acute malnutrition in certain districts after a very long dry season and a bad harvest. CARE implemented a rapid nutritional assessment with the Ministry of Health to assess the needs of mothers and children in Covalima district. This effort was complemented by other development partnerships in other districts, coordinated through the Ministry of Health. A follow-on grant provided funding to support CARE International's growth monitoring and targeted supplementary feeding program. The program, an extension of CARE's existing nutritional and supplementary feeding programs, involved taking anthropometric measurements to assess the nutritional status of children and pregnant and lactating mothers in 4 subdistricts of Covalima district. In October 2005, CARE began distributing supplemental food to malnourished children and mothers accompanied by health education support. To date over 14,800 children between 6-59 months received anthropometric evaluations. After six months of supplementary feeding with periodic monitoring, evaluations indicate that malnutrition rates have dropped significantly from over 37% in October 2005 to less than 12% at the end of March 2006.

#### **A Boost For Women's Health Care**

Timor-Leste has one of the highest birth rates in the world. At the same time, its maternal and infant mortality rates are also among the highest, and women have exceptionally limited access to health care and education. A USAID small grant has recently furnished an important clinic in Dili with a new women's health room. The Bairo Pite Clinic provides free health care to the city's residents, seeing some 300 patients a day. The new women's room, will improve health services and education for pregnant women and mothers. Women constitute more than three-quarters of the clinic's patients, and its midwives attend up to 80 births per month.

## **SPECIAL PROJECTS**

DAI has awarded a number of grants for programs that fall outside of USAID's Strategic Objectives or DAI-SGP's Strategic Focus Areas. These projects have typically been in response to urgent humanitarian emergencies in vulnerable communities. Two grants totaling \$84,528 were awarded for special projects this reporting period.

Fundasaun Hadomi Oan Timor, an independent organization dedicated to expanding opportunities for children in Timor-Leste, received a grant to rehabilitate an orphanage that accommodates 30 children victims of the 1999 conflict. The grant funding was used to refurbish the roof of the 96 square meter building located in Dili.

DAI-SGP is also supporting the Ministry for Labor and Community Reinsertion and the Ministry of Public Works in responding to the damage caused by flooding due to a cyclone that hit Oecusse in January 2006. The provision of gabions to reinforce the river banks will help protect over 28,000 people from further flooding in the event of another such disaster. Cement and housing construction materials were also delivered to help 11 of the most severely affected households rebuild their homes.

## **PROBLEMS ENCOUNTERED AND REMEDIAL ACTIONS**

The snow pea trial activity managed by Winrock International was experiencing major delays. DAI requested from Winrock a reformulation of their workplan accompanied by a change in management structure to ensure adequate and regular follow-up of production activities in Aileu. Winrock and their local partner Ricardo Nheu responded by identifying a local manager – Herschoe Campos – who agreed to provide on-going management and supervision of the activities in the field. Since this change, the Winrock activity has seen a significant improvement in meeting their work plan objectives. DAI has learned through this experience that providing a grant to an organization that does not have a presence in country, during the implementation of the grant activities, should be avoided.

## **URGENT GRANTS**

Due to constraints in funding through another mechanism USAID requested that DAI-SGP assist Catholic Relief Services with their malaria reduction campaign. After initial discussions on September 30, DAI was able to award grant number DAI-074 on October 7, 2005 for the distribution of treated bed nets in the Baucau area scheduled for the month of November.

On 16 November 2006 with twelve days remaining before the scheduled launch of an international investment conference the foreign investment office, TradeInvest, submitted a proposal to DAI for assistance in the procurement of international translators and facilitator as well as overall conference expenses. A grant was approved on 23 November 2005 and while working on an urgent day to day basis with TradeInvest, DAI-SGP staff were able to assist with the planning, preparation and purchasing required prior to the launch.

Responding to an urgent request by USAID to fund a FAO consultant to work with the GoTL avian flu preparedness task force, DAI-SGP was required to negotiate a grant agreement with FAO legal counsel in Rome as they did not accept the standard grant language. After much negotiation and several revisions of the grant agreement format, DAI-SGP was able to issue a grant within three weeks of proposal submission.

Responding to a time sensitive request from DAI-DSP and the Ministry of Development, DAI-SGP was able to push through a grant to support the Vice-Minister of Development's attendance at the Consultative Group for the Poor's (CGAP) microfinance training in Bangkok with a member of the DAI-DSP team. Despite numerous ADS reporting requirement for "Participant Training", DAI-SGP worked with DAI-DSP to make sure that the grant was approved and all paperwork was completed within two weeks.

USAID approached DAI-SGP on 9 March 2006 about a response to the flooding in Oecusse earlier in the year. In response to a proposal from the Ministry of Labor and Community Reinsertion, in cooperation with the Ministry for Public Works, DAI-SGP worked closely with numerous members of both ministries to help coordinate the response. At the time of reporting, less than three weeks after the request was made, DAI-SGP had finalized all grant agreements and was sourcing the housing materials, gravel and gabions to be shipped to Oecusse.

## PROGRAM IMPACT AND ACCOMPLISHMENTS

In previous reporting periods the DAI-SGP was unable to provide much performance data due to the fact that few grants had closed and many were still being implemented. During this reporting period, DAI-SGP has finally compiled enough data to present. The data collection process was greatly facilitated through the technical assistance provided by a Monitoring and Evaluation specialist from Bethesda. During this assignment, the specialist worked closely with DAI-SGP staff to identify gaps in the DAI TAMIS grants database. The GIS technical assistance provided during this reporting period has also proven very helpful in presenting the data collected in spatial format through easy to produce maps.

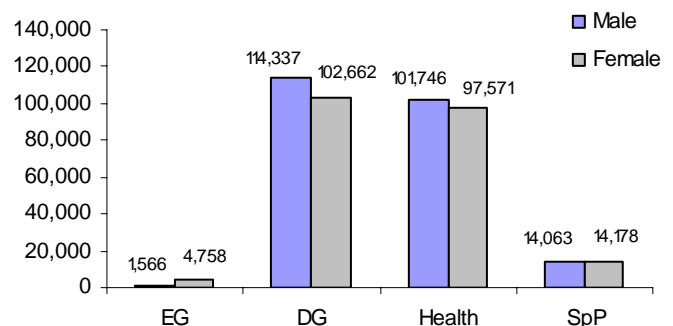
Although program impact for specific grant activities has been described in each of the strategic objective sections of this report, there are three cross-sector aspects that should be mentioned. The first is a review of overall numbers of beneficiaries, the second is a summary of beneficiaries attending training programs provided in conjunction with small grant activities and the third is infrastructure and operational support to both public and private organizations throughout Timor-Leste.

## DIRECT BENEFICIARIES

Charts 4a-c show the total number of people benefiting from the grant activities supported through DAI-SGP. It must be noted that those grants with public information and/or education campaigns have much higher numbers of beneficiaries than other activities.

This is primarily the case with the Strategic Focus Areas of Public Information and Health which encompass awareness raising campaigns for elections and public health programs designed to reach large numbers of people. The numbers do not

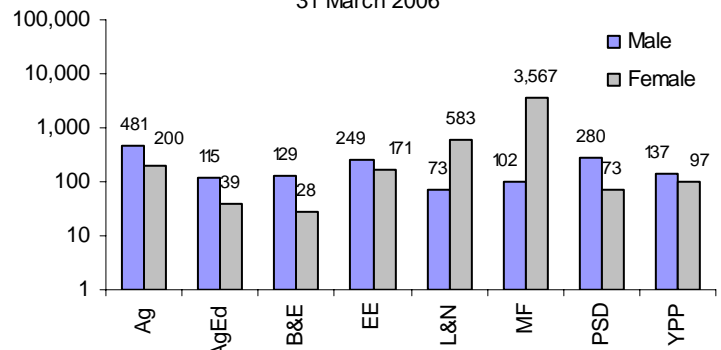
**Chart 4a: Number of Direct Beneficiaries Across Strategic Objectives**  
31 March 2006



**Guide to Economic Growth Strategic Focus Areas**

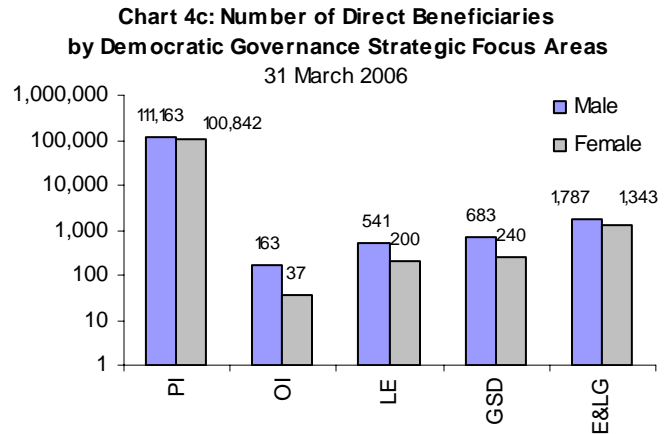
Strategic Focus Area	Abbreviation
Agriculture	Ag
Agriculture Education	AgEd
Business & Entrepreneurship	B&E
Education	EnvEd
Environmental Education	L&N
Literacy & Numeracy	MF
Microfinance	PSD
Private Sector Development	YPP
Youth Pilot Programs	

**Chart 4b: Number of Direct Beneficiaries by Economic Growth Strategic Focus Areas**  
31 March 2006



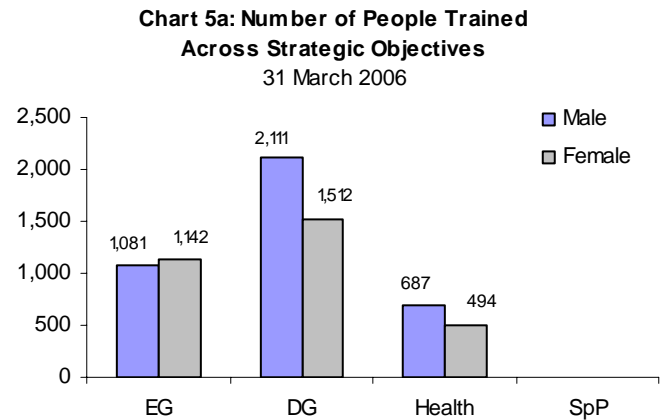
take into account the fact that several grant activities may target the same population and therefore the same beneficiary may be represented more than once. (Note: a logarithmic scale is used on the EG and DG strategic focus area charts for direct beneficiaries)

<b>Guide to Democratic Governance Strategic Focus Areas</b>	
<b>Strategic Focus Area</b>	<b>Abbreviation</b>
Elections & Local Government	E&LG
Government Service Delivery	GSD
Legal Education	LegEd
Oversight Institutions	OI
Public Information	PI

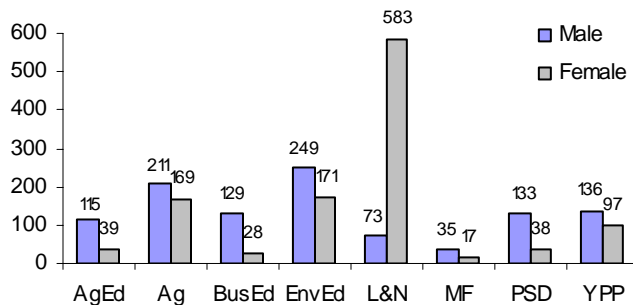


## TRAINING

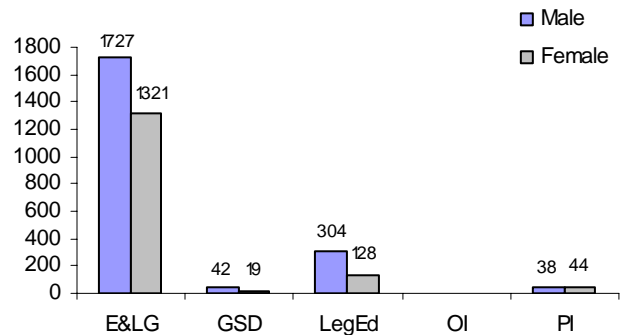
The DAI-SGP has supported training programs through 37 grants. Charts 5a-c summarize the number of participants, by gender benefiting from training programs across the different strategic focus areas and in each SO. With increased focus on providing training in literacy, and basic entrepreneurship skills, DAI-SGP plans on tracking the number of participants in these programs separately demonstrating specific impact in this important focus area.



**Chart 5b: Number of People Trained by Economic Growth Strategic Focus Areas**  
31 March 2006



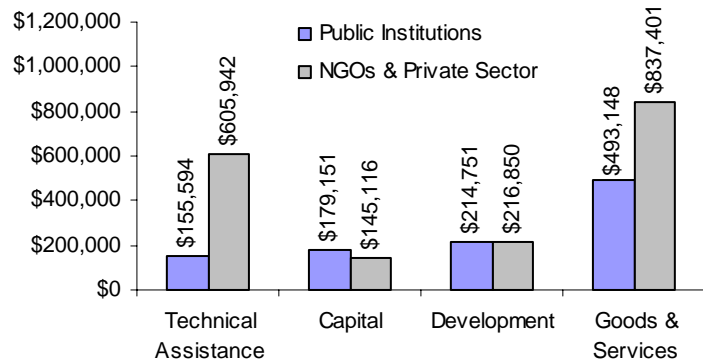
**Chart 5c: Number of People Trained by Democratic Governance Strategic Focus Area**  
31 March 2006



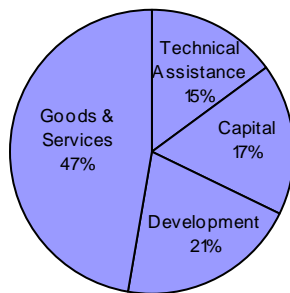
## INFRASTRUCTURE REHABILITATION AND OPERATIONAL SUPPORT

Timor-Leste has experienced a very difficult history where estimates put the destruction of infrastructure in Dili during the 1999 violence as high as 90%. Many private and especially public buildings were reduced to rubble. Given this history, capacity building takes on a broader sense to include the rehabilitation of buildings and the provision of basic furniture and office equipment to affected organizations. It is therefore important to highlight the amount of in-kind infrastructure and operational support that the DAI-SGP has provided organizations in their efforts to reestablish functioning workplaces. The charts 6a-c demonstrate the distribution of in-kind grant funding across four categories. Technical Assistance includes consultants, in-house advisors and other short term labor; Capital is non-expendable equipment; Development is primarily building rehabilitation contracts; and goods and services is expendable office equipment and supplies as well as services such as printing costs.

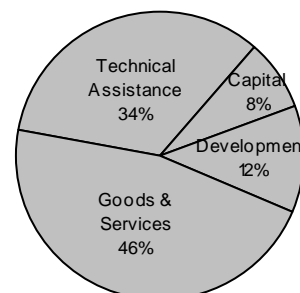
**Chart 6a: \$ Disbursed by GoTL Categories**  
31 March 2006



**Chart 6b: % Allocations of Funds Disbursed to Public Institutions by GoTL Categories**  
31 March 2006



**Chart 6c: % Allocations of Funds Disbursed to NGOs & Private Sector by GoTL Categories**  
31 March 2006



## LESSONS LEARNED

An ongoing challenge for the DAI Small Grants Program is finding a balance between being responsive to requests to fund activities ranging across many sectors and focusing on a select number of activities within USAID's strategic objectives with the goal of concentrating resources to maximize impact. Continued requests to provide grants in areas outside the core strategic focus areas result in reduced staff time available to concentrate on maximizing impact in the target areas. DAI continues to work with potential local partners to support activities aimed at targeting certain focus areas.

A threat by CARE International to close their program if they did not receive relevant waivers resulted in an important reevaluation of internal small grant award procedures. CARE International grant DAI-063: Growth Monitoring and Targeted Supplementary Feeding for Malnourished Children, Pregnant & Lactating Mothers in Covalima District, required two waivers. One waiver was to permit CARE to purchase agricultural commodities in Timor-Leste and the second was for the continued leasing of vehicles beyond the allowed 180 day period. DAI-SGP has concluded short term small grant support is not conducive with activities requiring special waivers. An activity that is designed to take place in a 6-12 month period cannot afford to wait 3-4 months for a waiver to be approved. In the future, DAI-SGP will avoid funding activities that require waivers and where appropriate, will suggest that other donors be contacted for possible funding of activities requiring waivers.

#### **MAJOR TASKS FOR NEXT REPORTING PERIOD**

- DAI will actively pursue monitoring and evaluation training for program staff. With the end date of the contract on 30 September 2006, it is important that program staff increase the frequency of their visits to grant activities in order to capture relevant performance information. Training in analytical skills accompanied by report writing workshops will give staff additional tools to better assess and report grant activity impact.
- As grant performance information is being collected by program staff, the DAI-SGP grants database will be modified and updated to capture and compile the information in readily accessible formats. This information will also contribute to the GIS module allowing DAI-SGP to report grant information in map format.



## GRANTS MANAGEMENT

### FINANCIAL AND PROCUREMENT ACTIONS

Grants management for in-kind procurement continues to be labor intensive with procurement and financial actions. The number of these actions (checking bid sheets, reviewing quotations from vendors, verifying purchase orders going to vendors, approving financial transactions to grantees) during this reporting period amounted to a total of 1485 individual actions with a total value of \$1,328,182.44. This translates to over 11 actions per day with a total daily value of \$10,061.99. This level of financial activity continues to require an intense level of continuous monitoring and oversight. Table 1 below provides a cumulative summary of DAI-SGP's grant approval and rejection data. Annexes 1-5 provide more detail about grant financial data.

**TABLE 1: CUMULATIVE GRANT APPROVAL AND REJECTION DATA**

	October 1, 2004 – March 30, 2005	April 1 – September 30, 2005	October 1, 2005 – March 30, 2006	Total
# grants received	190	152	132	474
# grants rejected	116	90	92	298
# grants approved	35	38	37	110

### REALIGNMENTS AND AMENDMENTS

DAI-SGP received no amendments or realignments of the current contract during the reporting period.



## **CONTRACT ISSUES**

### **BUDGET NEGOTIATIONS AND MODIFICATIONS**

On 03 February 2006, DAI-SGP submitted a budget realignment and extension request to USAID. The budget proposes to extend DAI's contract by two years through 30 September 2008 and increase the contract ceiling by \$7,000,000 for a total contract value of \$14,796,534 over four years. The contract extension is still pending USAID approval.

### **WAIVER REQUESTS**

A number of grant activities required waivers from USAID this reporting period as indicated below:

- A vehicle waiver request for the purchase three non-US manufactured motorcycles to be distributed to DAI-SGP grant recipients was submitted by DAI to USAID on 04 October 2005.
- A waiver request was submitted on 03 January 2006 for the purchase of one non-US manufactured vehicle for DAI-SGP Grantee Catholic Relief Services in support of its "Institutional Strengthening of Tuba Rai Metin" to Provide Microfinance Services to Women Entrepreneurs" activity.
- A waiver request was submitted on 17 January 2006 for the long-term lease of two non-US manufactured vehicles for DAI-SGP grantee CARE in support of its "Growth Monitoring and Targeted Supplementary Feeding for Malnourished Children, Pregnant & Lactating Mothers in Covalima District" activity.

All three of these waivers were approved by Regional Contracting Officer, Mr. Carey Gordon on 01 March 2006.

- A waiver request was submitted to USAID on 30 November 2005 for the procurement of local Agricultural products for DAI-SGP grantee CARE in support of its "Growth Monitoring and Targeted Supplementary Feeding for Malnourished Children, Pregnant & Lactating Mothers in Covalima District" activity. This waiver was approved on 16 March 2006 by Regional Contracting Officer, Mr. Carey Gordon.
- DAI submitted a request for change in Geographic Code from 941 to 935 on 06 September 2005. This request is still pending USAID approval.



## ADMINISTRATION AND IMPLEMENTATION UPDATE

### STAFFING CHANGES

DAI-SGP prides itself on the allegiance of staff and its attempt to help encourage growth and professional development at all levels of the organization in Timor-Leste. More than 5 of DAI-SGP's local staff have been with DAI-SGP since 2000, and two of the expatriates have been with DAI-SGP in Timor-Leste since 2001.

In October 2005, DAI hired Lisa Rogers to serve as USAID's Development Outreach and Communications Officer (DOCO) under the DAI-SGP project. Ms. Rogers reports on USAID activities, writing program highlights and numerous other USAID documents, updating the USAID/Timor-Leste website regularly, and organizing public outreach activities and events. DAI also hired an Information Officer to assist the DOCO and focus on DAI-SGP activities.

Recruitment efforts were carried out for two new PDS positions which were successfully filled by Mr. Helder Lopes and Mr. Vicente Maia in October 2005. DAI also carried out a number of internal staffing changes. Some of the staff were moved laterally or promoted to capitalize on each individual's strengths and skill sets. Mr. Lourenco Santos was promoted from Driver to Logistician, Ms. Suzi Gusmao was promoted from Cashier to Accountant, Mr. Antonio Xavier was promoted from Accountant to Operations Manager, and Mr. Antonio Gusmao was promoted from Operations Manager to IT/GIS and Monitoring Specialist. A senior PDS position remains open and DAI continues to recruit for a qualified candidate.

Additionally a number of temporary staff were hired to fill staffing gaps or provide administrative and logistical assistance to the number of consultants that visited during this reporting period. Table 2 shows the number of human resource actions that took place during this reporting period.

TABLE 2: NUMBER OF HUMAN RESOURCE ACTIONS OCTOBER 2005 – MARCH 2006	
HR Actions	Number of Actions
Internal Advertisements Posted	4
Public Advertisements Posted	3
Applications Received	44
Interviews Conducted	21
Internal Promotions Awarded	4
Permanent Staff Hired	5
Temporary Staff Hired	5

### TECHNICAL ASSISTANCE SEARCHES AND VISITS

#### AGRICULTURE OPTIONS CONSULTANCY

In early September, shortly after the approval of DAI's contract modification 3, USAID requested that DAI coordinate and field a large consultancy effort to develop an Agriculture Options Paper to identify a range of potential areas for future USAID programming. A team leader and five sub-sector specialists were recruited and mobilized for two consultancies which took place in December 2005 and February 2006. The team consisted of experts in the following sub-sectors:

- Food Crop Productivity
- Horticulture Crop Productivity
- Livestock/Dairy Productivity
- Agroforestry/Reforestation
- Agricultural Credit/Rural Finance

The paper offers a set of 13 detailed recommendations for USAID to invest in a market driven integrated sub-sector approach focused on increased agricultural productivity and creating market linkages for Timor-Leste's upland farming system.

#### **AGRICULTURAL EDUCATION EXPERT**

Upon USAID's request, DAI hired an agricultural education specialist, Dr. James Mangan, to assess the present agriculture curriculum and work with the Ministry of Agriculture to determine the needs of the country's three agriculture schools to establish appropriate practical education programs. These programs aim to prepare students to start their own businesses, find employment and contribute to the productive sectors in Timor-Leste.

#### **FINAL REPORT ATTACHED IN ANNEX VIII**

##### ***Junior Achievement Worldwide***

Junior Achievement (JA) Worldwide assembled a three person team which conducted a feasibility study to determine the practicality of introducing a US-based course of economic study in elementary, middle and secondary schools. The JA team spoke with business, education and political leaders to assess their commitment to empowering youth with applicable business knowledge, and found that these stakeholders unanimously agreed on the value of and need for such a program within the national curriculum. The JA team identified 127 schools in thirteen regions where JA programs could be implemented over the course of five years.

Beginning in April 2006, DAI-SGP will fund the startup costs for Junior Achievement's (JA) economic and business education program. Over five months, JA will set up networks to pilot test their new program in selected primary schools for the September 2006 school term. Following this startup phase, the program will be transferred to USAID for longer term funding as the JA program expands to select pre-secondary and secondary schools.

#### **FEASIBILITY STUDY ATTACHED IN ANNEX IX**

##### ***GIS Expert***

DAI sought the assistance of a Geographic Information Systems (GIS) specialist to support and improve DAI-SGP's reporting capabilities through the use of spatial analysis. Mrs. Ioana Bouvier, visited the project for 11 days at end of February to set up and initiate DAI-SGP's spatial data project through the training of 3 local staff members in customized GIS applications. As a result of this technical assistance, DAI-SGP is implementing a spatial impact monitoring system whereby programmatic impact can be demonstrated from the level of district to village, using GIS mapping software and geographic data collected for each grantee.

## **PROJECT MANAGEMENT CHALLENGES**

### **MONITORING AND EVALUATION**

DAI-SGP has collected a significant amount of data from its grantee partners. As a result of the wide reach of the current program, the challenge has been to compile diverse data that is generated across many sectors. This issue will be addressed as DAI-SGP continues to focus its support in the already identified strategic areas. Concentrating grant support in target areas will maximize impact by having a greater potential of causing a multiplier effect as activities begin to support one another. Given limited funding, a scattered approach to funding activities over a large number of sectors is not the most efficient use of resources.

### **GRANT SUBMISSION SCHEDULE**

After consultation with the USAID Cognizant Technical Officer (CTO), DAI-SGP has begun implementing a new system for grant submissions to ensure sufficient time for program monitoring and management of existing grants. Grant proposal submission is “open” for the first ten days, every 2 months. This will allow DAI-SGP program staff to: 1) respond to unsolicited grants for several weeks after the submission period, and 2) provide the necessary time to develop the program areas that USAID would like to see explored while continuing to oversee the in-kind procurement and delivery process as well as monitor and report against ongoing activities. This revised grant submission schedule will also allow SGP staff to concentrate on the strategic focus areas in an effort to promote meaningful impact through the grant activities.



